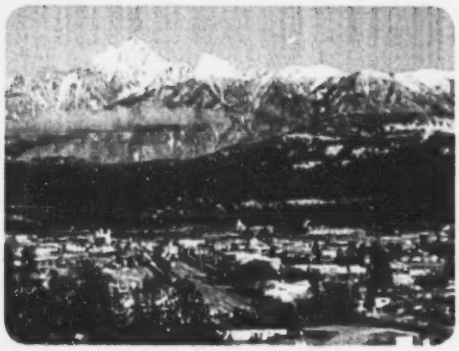
City of Cranbrook
2009 ANNUAL REPORT



MOUNTAINS OF OPPORTUNITY

CRANBROOK

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A MESSAGE FROM THE MAYOR

MOUNTAINS OF OPPORTUNITY
CRANBROOK

On behalf of City Council, The Corporation of the City of Cranbrook and the citizens of Cranbrook, I am pleased to present our 2009 Annual Report.

2009 brought with it many changes for our community. Some of the changes included the City incorporating a new community committee structure that provides for more citizen involvement in the decisions that Council makes on behalf of the community. The City has also focused on increased communication with its citizens through a new web site, brown bag lunch meetings and media updates.

Council and staff undertook major revisions to our Official Community Plan in 2009. These changes reflected the growing awareness of our responsibility to both the environment and community sustainability. These changes clearly show that our understanding of the importance of our relationship to our surrounding environment is critical to the continued growth, development and quality of life we enjoy in Cranbrook and region.

Cranbrook also completed the Branding process in 2009 and our new community brand is "Mountains of Opportunity" a true picture of what it really means to live and work here. As well, we completed our first Economic Development Strategy which will provide the blueprint for continued growth in all sectors of the community -- economic, cultural, environmental and social.

I want to acknowledge and thank our staff for their dedication and work over the past year and I look forward to another successful year in Cranbrook.

Thank you.

Scott Manjak

Mayor Scott Manjak

City of Cranbrook Mission Statement

The Council and Staff are committed to the continuing development of the City of Cranbrook as a successful and progressive community, and to preserving, and further enhancing the high quality of life enjoyed by the Citizens. Council will be responsive to concerns and provide an informed and committed leadership. A competent, skilled staff of high integrity will use available resources as efficiently as possible, providing high quality services to meet the needs and address the concerns of residents and employers. Council and Staff will work cooperatively with the Citizens of the City of Cranbrook, organizations within the community, other municipalities and other levels of government in order to achieve the maximum benefit for the community.

CRANBROOK CITY COUNCIL

From Left to Right: Councillor Diana J. Scott, Councillor Liz Schatschneider, Councillor Jim Wavrecan, Mayor Scott Manjak, Councillor Denise Pallesen, Councillor Bob Whetham, Councillor Angus Davis

DECLARATION AND IDENTIFICATION OF DISQUALIFIED COUNCIL MEMBERS
In accordance with Section 98(2)(e) of the *Community Charter*, there were no declarations of disqualification made under Section 111 of the *Community Charter* in the year 2009.

MOUNTAINS OF OPPORTUNITY
CRANBROOK

2020 Vision Statement

In the Year 2020, the dynamic City of Cranbrook
proudly welcomes the world to Southeastern British Columbia,
the Kootenay region and the Canadian Rockies.
As the major transportation hub,
national and international visitors travel to Cranbrook
to access the region's world class recreation facilities,
utilize Southern British Columbia's finest travel
and convention amenities, and play on the region's
most outstanding tournament facilities.
Investors and entrepreneurs have consolidated the
City's financial, commercial and industrial services role.
Residents enjoy an enviable lifestyle within a safe urban
environment that provides a wealth of opportunity for
individual wellness, education and prosperity.
A rich cultural fabric complements a visually attractive urban
form set in a spectacular mountain environment.
Cranbrook has assumed a strong, progressive leadership role
within British Columbia based on sound fiscal management,
smart growth development, and wise asset reinvestment.

The Airport's vision is to provide affordable and competitive travel options to an increased domestic and international market through an expanded airport, while continuing to contribute to the economic growth and diversification of the region, to serve the region by becoming the airport of choice and to provide the City of Cranbrook with a safe, friendly, clean, efficient and profitable airport with a local "Sense of Place".

Cranbrook Airport Services Ltd. (CASL) is a subsidiary of Vancouver Airport Services Ltd. (YVRAS). CASL has managed the airport on behalf of the Corporation of the City of Cranbrook since 1997. The Airport Management Agreement provides for the management and staffing of the airport including Commercial Lease Management, Financial Management, Administrative Support, Airport Operations, Airport Maintenance and Airport Marketing and Public Relations. All capital funding is approved by the City of Cranbrook and funded through the Airport Operating Fund and/or the Transport Canada ACAP Program. Staff positions include Managing Director, Superintendent Airport Operations, Financial Administrator, full time, casual and temporary Airport Technicians and one part-time Administrative Assistant.

2009 witnessed the completion of the Airport Art Program which consists of a number of photographs by local photographers displayed throughout the air terminal building. The photos showcase the beauty of the East Kootenay region. A Memorial Garden was also completed in memory of lives lost in the PWA aircraft incident of February 1978. Both projects add to the local "Sense of Place". In efforts to increase airport revenues, the passenger fee charged to airlines was increased from $7.50 per passenger to $7.75 per passenger effective May 1, 2009. Car parking rates were also increased May 1st from $7.00 per day to $8.00 per day. To improve Capital planning, Pryde Schropp McComb Inc. was hired to complete a Ten-Year Capital Plan for the airport. A Land Use Management plan was started in 2009 to determine the best use of vacant airport lands to be developed in the future. The Airport Water Distribution System was reviewed with an engineering consultant and corrective action is being taken. The airport continued to be served by four airlines in 2009; Air Canada Jazz, Central Mountain Air, Delta Air Lines (Winter and Summer seasonal), and Pacific Coastal Airlines.

CANADIAN ROCKIES
INTERNATIONAL AIRPORT
CRANBROOK, BRITISH COLUMBIA

Airport
Major Initiatives (2010):

- Air Service Growth: Collaborate with community to develop strategic marketing plan, target new routes and prepare an airport land development plan.
- Maximize Revenue Opportunities: Increase Lease Revenue and Increase Advertising in Terminal.
- Enhanced Customer Service/ Satisfaction: Improve operational consistency through operating procedures with more attention on training. Continued development of Safety Management System. Complete deficiencies to Airport Terminal Building. Stage 1 upgrade to public washrooms (new countertops and fixtures).
- Strengthen 'Sense of Place' and community with the installation of a 'Reconciliation Sculpture'.
- Financial Stability: Retain Current Air Service and reduce operating costs.
- Airport Development and Growth: Apply Airport Industrial Land Use Plan.

Airport
Major Initiatives (2011):

Capital Plan to include:

- Washroom Upgrade Stage 2 (Replace stalls, tiles).
- Purchase Pickup to replace Truck 21.
- Replace Lighting Control Panel.
- Purchase line marking cart.
- Install flag poles in front of Air Terminal Building.

The Corporate Services department provides overall corporate administrative functions including support to Mayor and Council, fulfillment of statutory requirements, records management, coordination of contracts/agreements and property dispositions. Corporate Services is also responsible for planning for overall community development and the use of public transit.

Corporate Services staff oversees and maintains corporate records and communications while also providing support to the Mayor, Council and its Committees. Community planning, policy and research, public transit and City land sales, leases and agreements also fall under the responsibility of Corporate Services, along with bylaw enforcement and business licensing.

Positions within Corporate Services include: the Director of Corporate Services, Municipal Clerk, Communications Officer, Community Planners (one permanent position and one temporary position), Policy Analyst, Bylaw Enforcement and Licensing, Parking Meter Attendant, Executive Assistant to the Mayor, Executive Assistant to the Chief Administrative Officer and an Administrative Assistant.

Several significant planning initiatives were undertaken in 2009. Corporate Services coordinated planning and development approval requirements for the Shadow Mountain development including: Zoning Bylaw amendments, three comprehensive Development Permits (Steep Slopes; Wildfire and Environmentally Sensitive) and covenants for registration at Land Titles. The adoption of an Official Community Plan (OCP) amendment to designate lands around Elizabeth Lake as an Environmentally Sensitive Development Permit area was also completed, along with input to a new Subdivision Bylaw relating to Preliminary Layout Approvals (PLAs) and their relationship to and consistency with the OCP as prerequisite.

Staff also began a review of secondary suites and initiated preparation of an OCP amendment for responding to climate change. Staff also began the implementation of a landscaping security policy with the resulting visible improvements in developments (eg. Industrial Park, Victoria Avenue, etc.).

An Eastern Boundary Extension application was undertaken in 2009 including an Alternative Approval process and subsequent Referendum along with related public processes resulting in termination of the boundary extension application. Corporate Services coordinated this initiative at the direction of Council.

Corporate Services also introduced a new Council Committee Structure (Cranbrook in Motion; Wellness and Heritage; Environment and Utilities; Family and Community Services) for Council approval and coordinated its implementation upon approval.

A general increase in business licences was realized through Bylaw Enforcement / Business Licensing in 2009.

Corporate Services staff provided on-going assistance in the review of City bylaws in 2009. Those bylaws included the Cemetery Bylaw, Erosion and Sediment Control Bylaw and the Council Procedures Bylaw. Corporate Services assisted in applications for major infrastructure improvements to Build Canada.

Staff also monitored and assisted City Departments in use of the Records Management System by improving record accessibility (searchable data base system), increased management security of records held in storage (computer and scanner) and began posting Council agenda packages on the City website for public information.

Corporate Services
Major Initiatives (2010):

- Initiate Integrated Community Sustainability Plan (ICSP).
- Amend Official Community Plan to address aspects of Climate Change pursuant to requirements of Bill 27.
- Initiate implementation of Climate Change initiatives following direction established in Official Community Plan.
- Review the proposed Wildstone development and proceed with amendments to the Official Community Plan and Zoning Bylaw as appropriate.
- Complete secondary suites policy and initiate implementation through necessary bylaw amendments including the Official Community Plan and Zoning Bylaw with timing and methods subject to review of resource requirements and necessary Council approvals (like the Budget for example).
- Initiate Official Community Plan amendment for application to lands included in the 2007 northern boundary extension.
- Prepare Adaptive Re-Use Policy for consideration of alternative uses and/or development of public lands including former school sites and parks.
- Complete boundary extension to incorporate College of the Rockies Gold Creek Campus within City limits.
- Continue City Bylaw and Policy review and update on a priority basis.

Corporate Services
Major Initiatives (2011):

- Complete Integrated Community Sustainability Plan (ICSP) and initiate implementation.
- Complete Adaptive Re-Use Policy for consideration of alternative uses and / or development of public lands including former school sites and parks.
- Complete an Official Community Plan amendment for application to lands included in the 2007 northern boundary extension.

Engineering Services Department provides capital planning for and management of all City owned linear infrastructure assets, design and contract management of linear infrastructure improvements and expansion, maintains record information in appropriate formats for reference purposes, maintains current comprehensive information on infrastructure asset condition, maintains the City GIS systems, provides building services as legislated under the BC Building Code, administers sales of interment lots and associated records of interments in City cemeteries, administers development cost charges, administers and manages all new land developments within the City (Approving Authority), provides traffic engineering services and provides general engineering advice to Council, the Administration and public.

The overall management of Engineering Services Department is provided by the Director of Engineering Services/City Engineer. The Department's service responsibilities are provided by a total staff of six: City Engineer, Deputy City Engineer/ Approving Officer, Administrative Assistant, Project Manager, GIS Coordinator, Building Inspector and the Development Clerk.

The Deputy City Engineer is primarily responsible for approving and administering all new land development within the City. The Project Manager has primary responsibility for design and construction/contract management of capital work as well as for inspection compliance related to construction of future City infrastructure assets within new land developments. This position also advises the Cranbrook in Motion Committee on street and traffic operations on an as requested basis. The GIS Coordinator is responsible for development and maintenance of City GIS systems. This position also develops GIS application policy and training needs to ensure City staff are proficient in use of GIS systems. The Building Inspector, assisted by the Development Clerk, processes, reviews and issues building permits for all buildings and structures constructed or altered within the City to ensure such construction or alterations will provide for the safety of the public by meeting standards as set out in the BC and National Building Codes and related guidelines. The Building Inspector also reviews applications for and issues permits for all new or altered signs within the City to ensure compliance with City Bylaw requirements. The Department's day to day administration, records management functions and reception is provided by the Administrative Assistant who also maintains records of City cemeteries interment plots and administers sales of plots on a demand basis.

Engineering Services
2009 Accomplishments

Engineering staff attended EAB hearings regarding the spray irrigation operation and provided evidence on behalf of the City. Following the decision, staff applied for Canada Build funding to help with cost of meeting the EAB requirements and worked closely with MOE to further clarify EAB intent and establish scope work necessary to comply. Staff prepared and advertised RFP for Engineering Consulting services to design scoped wastewater treatment and disposal improvements, which resulted in the City retaining the services of AECOM. Engineering, along with AECOM then carried out Value Engineering Study to proof/validate wastewater treatment and disposal improvements as most cost effective solution to meet EAB intent. Also during this period, staff began the engineering predesign, environmental studies and detail engineering of wastewater treatment and disposal systems improvements. The City also obtained Infrastructure Stimulus Funding grant of $9.7 M towards the project.

Other accomplishments in 2009:

- Prepared design and contract documents tendered and completed construction for $1.2M Capital road improvements.
- Negotiated access agreements with CPR to enable start of Rails to Trails work. Completed trail work, (including redecking of wood trestle high level bridge over St Mary's River) to mile 14 (approximately 21 km) on former CPR Kimberley subdivision line to a paved (3 m wide) surface.
- Installed a complete watershed and spray irrigation lands real time remote sensing system to include stream flow

and quality data, weather and snow pack information to enhance watershed management, irrigation operations and develop/maintain baseline data sources for selected key parameters in SCADA Historian database.

- Completed approximately 60% of asset management capability goal (3 year goal: to develop full functional capability to permit integrated linear infrastructure asset capital planning model). Initiated work on development of integrated capital planning model/tool.
- Filled long-vacant staff positions: GIS Coordinator and Project Manager.
- Implemented new Subdivision and Development Control Bylaw on April 1.
- Continued to work with Stantec Consultants to complete Growth Management Strategy to provide tool to assist with planning for future land development and City growth.
- Initiated development of a 3 year Graphical Information System (GIS) to leverage asset data from MDW databases and automate many of City's processes and procedures going forward.
- Acquired new accurate aerial photography covering the City, the airport, Rails to Trails and spray irrigation lands along with LIDAR coverage of approximately 45,000 acres of lands within and adjacent the City boundary necessary to support GIS, engineering design work, development proposal analysis as well as numerous other uses. The LIDAR/orthophotography product will fundamentally alter the way many City projects and initiatives will be carried out going forward.

Engineering Services
Major Initiatives (2010):

- Continue to build out asset databases to include cost information, asset life expectancies, condition etc.
- Continue to build a robust priorities based capital planning model to develop most cost effective capital rehabilitation strategies to reduce infrastructure gap (deficiency backlogs) based on Council set levels of service objective.

Continued Major Initiatives (2010):

- Implement work management systems within Public Works Department built on asset data contained in MDW database and leveraged with GIS capability. Put definition to process and procedures with capability to measure accomplishments in demonstrable manner, increase service to public with little associated cost impacts and enhance customer communications capabilities overall.
- Assist with implementation of comprehensive Water Smart program in City to encompass water system leak detection and control, reduce sanitary sewer I&I flows, enhance public education and support for water conservation needs as well as benefits in short and longer term including universal metering.
- Manage and control $14.5M wastewater improvement capital project to achieve substantial completion of project works by March 31, 2011.
- Manage and implement 2010 Capital Road Infrastructure Program (design, prepare contract document, tender and construct rehabilitation of approximately 3 km of roads and 2 km of water main replacement.
- Develop succession plans for Engineering Services staff (City Engineer, Deputy City Engineer and Administrative Assistant).
- Continue to build GIS system.

Engineering Services
Major Initiatives (2011):

- Complete functional and sustainable asset management capability for linear infrastructure assets.
- Complete development of GIS system within City.
- Complete succession planning.
- Complete robust self administered in-house integrated capital planning model / tool to ehnace City capital planning ability.
- Commission wastewater improvements.
- Enhance control of new land development compliance with City bylaws and reduced carbon footprint objectives as outlined in OCP and ICSP and evolving provincial policies.

The Finance Department diligently administers the public financial resources of the City. The primary function of the Finance Department is to provide financial management information to City Council, staff and the public. Department personnel process daily financial and accounting transactions, implement and monitor internal control procedures, order goods and services and tender major projects.

According to the British Columbia Community Charter, the City is required to adopt a Five Year Financial Plan annually. This long-term approach to financial planning allows Council and the community to consider the impact that current decisions will have on future financial matters. The Plan is updated each spring, prior to setting the tax rates, to reflect any changes that have occurred since the last Plan was adopted. In 2009, the Department prepared the Five Year Financial Plan for Council's consideration, prepared six month interim management reports and budget analysis as well as the annual financial reports.

Finance Department manages the Human Resources function for the Corporation including recruitment, compensation policies and practices, payroll, administration of collective agreements, educational and training programs, employee benefits, and ensures a safe and healthy workplace through safety and wellness programs.

In any given year, upwards of $10 million will be spent on a variety of capital acquisitions and projects and the repair and maintenance of our infrastructure. The Purchasing Division is responsible for acquiring goods and services and managing the disposal of surplus material in a responsible, professional and cost-effective manner.

Our IT division is committed to providing a computing environment that supports the decision making process and facilitates the use of information by staff and residents of Cranbrook.

Positions within Finance and Computer Services Department include: Director of Finance and Computer Services, Deputy Director of Finance and Computer Services, Financial Services Manager, Financial Analyst, Tax & Account Receivable Clerk, Accounts Payable/ Cashier, Finance Secretary, Clerk/Cashier, Receptionist, Human Resources Manager, Accounting/Payroll Clerk, Information Systems Manager, Systems Administrator and Computer Support Specialist (Help Desk).

Finance and Computer Services Major Initiatives (2009):

Develop and Implement a Targeted Long-term Human Resources Plan

- Continued development of Personnel Plan requirements.
- Review and plan a City wide Corporate Training program.
- Initiate research of new Payroll and Human Resources Information System (HRIS).

Collective Agreements

- Negotiated new CUPE (2090) Agreement.

Continuous Updating of Information Technology

- Initiated research on telephone system replacement.
- Replaced Main Login and municipal accounting (MAIS) servers.
- Installed and configured new GIS servers for Engineering. IT training from ESRI initiated for support of GIS infrastructure.Tangible Capital Asset Reporting (Section PS 3150).

- Completed TCA database, developed TCA policy, set up TCA information in sub ledger and general ledger and recognize all TCAs on the statement of financial position and recognize the related amortization as an expense on the statement of operations.

New Government Reporting Model (PS100, PS1100 and PS1200)

- Converted Financial Statements to new reporting model format. New model is based on full accrual accounting and focuses on both financial condition (Statement of Financial Position) and performance during the period (Statement of Operations).

Segment Reporting

- Completed financial segment reporting requirement as set out in the CICA Handbook – Public Sector Accounting.

Finance and Computer Services Major Initiatives (2010):

- Review the City's requirements to comply with Bill 44 and Climate Action Charter and prepare a carbon neutral emissions action plan for implementation in 2011.
- Develop City wide employee training plan that is responsive to City needs and contributes to the development and growth of City employees.
- Implementation of new Payroll and Human Resources Information System (HRIS) by the end of the year.
- Enter into collective agreement bargaining and negotiations with IAFF 1253.
- Prepare City financial surplus policy that establishes surplus limits and provides guidelines for Council as to the use of surplus funds.
- Replace and update IT hardware and software to ensure the City has the "IT tools" required to function in a computer environment.

Update Purchasing Policy

- Stage I completed.
- Implement new policy and make changes as required.

Finance and Computer Services Major Initiatives(2011):

- In cooperation with CUPE and IAFF, design a new employee benefit package that allows employees to pick benefits and level of services where the cost is shared between the employee and employer.
- Review the merits of bi-monthly utility bills and consider annual utility bill as an option.
- Review and update the City's frontage tax bylaw and consider frontage tax options.
- Implement a City wide training program that gives all City staff an opportunity to develop their skills and enhance themselves.
- Replace and update IT hardware and software to ensure the City has the "IT tools" required to function in a computer environment.

Fire and Emergency Services' mission is to provide efficient, professional emergency response and prevention services to our community. Further, we strive to build and maintain a positive work environment and support personal and team initiative in service delivery.

Fire and Emergency Services provides emergency service to approximately 24,000 residents within the City of Cranbrook and contract service areas within the Regional District of East Kootenay. We are a composite department consisting of 23 career and 10 auxiliary members. The organization consists of the Director, Deputy Director, Secretary, 4 Lieutenants, Training Coordinator, Fire Prevention Coordinator and 16 fire fighters.

In order to provide quality, professional services, Fire and Emergency Services has adopted high level training and program delivery standards. Staff are certified and trained for all programs to National Fire Protection Association Standards or Industry Best Practices, which involves approximately 315 training hours per member per year. Comprehensive training is essential to ensure Worksafe BC compliance, maintaining insurance industry (Fire Underwriter's Survey) recommendations and maintaining skill competency to safely and effectively provide the following core services:

- Provide fire suppression and first responder service (approximately 1,300 calls annually)
- Provide vehicle extrication.
- Conduct fire safety inspection on all public buildings within the City of Cranbrook (approximately 1,200 inspections annually).
- Provide call forward services for 9-1-1 fire and emergency services for 15 Kootenay communities.
- Provide dispatch and working alone monitoring services for Cranbrook Public Works.
- Provide Operations Level Hazmat response within our emergency response area.
- Provide fire safety public education programs within the community.
- Responsible for the management of the City of Cranbrook's Emergency Program.
- Responsible for enforcement of the Fire Services Act of B.C. Fire Code Regulation.
- Responsible for fire investigations involving fires within the City of Cranbrook.
- Provide confined space rescue.

CRANBROOK
FIRE SERVICES

Fire and Emergency Services
Major Initiatives 2009:

- Development of a new Fire & Emergency Services Bylaw.
- Negotiate fire and emergency service boundary expansion for parts of rural Area 'C'.
- Improve the resilience of the 9-1-1 Call Forward Service support technology.
- Complete upgrade of radio communication system from analog to digital. The upgrade will ensure conformance with forthcoming regulatory requirements and improve communication for responders.
- Full revision and implementation of operational guidelines.
- Establishment of alternate communications site (Telus EOC).
- Development and implementation of a water rescue program and service.
- Development and implementation of rescue preplans for City owned confined spaces.
- Development of high risk building preplan model.
- Complete new fire hall renovation/expansion design.
- Continued work with Wildfire Fuel Reduction program and select pine beetle kill removal in the City of Cranbrook Watershed.
- Negotiated and entered into Joint Emergency Program partnership with the RDEK and the City of Kimberley.

Fire and Emergency Services
Major Initiatives (2010):

- Implement Ice Rescue Program.
- Implement Enhanced Hazardous Materials Response Program.
- Complete construction of new fire hall.
- Major upgrade of Fire Department Computerized Records Management System (FDM).
- Develop rural interface fire preplans.
- Development of RDEK strategic fire hydrant location program.
- Continue wildfire fuel reduction operational programs in the Cranbrook Watershed.
- Undertake re-evaluation of Fire Underwriters Survey Insurance Classification and grading for the City.

Fire and Emergency Services
Major Initiatives (2011):

- Purchase replacement fire engine to ensure compliance with Fire Underwriter's Survey requirements.
- Develop fire training ground plan.
- Implement full emergency dispatch service for 15 Kootenay communities.
- Develop City wide electronic evacuation plan for large scale emergencies.
- Continue wildfire fuel reduction operational programs in the Cranbrook Watershed.
- Negotiate with College of the Rockies to re-establish Fire Service Recruit Training Program.

The Leisure Services Department recognizes the health and wellness benefits of citizens participating in leisure and recreation programs. The Department strives to provide the best programs and facilities possible in utilizing available resources in the most efficient and economical means.

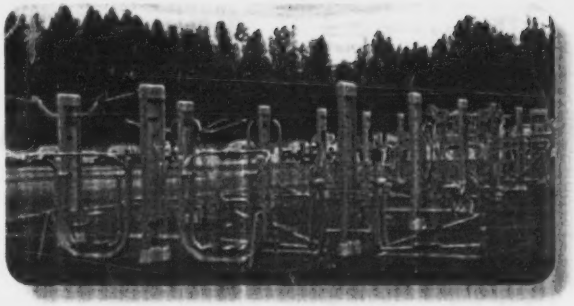
The Leisure Services Department promotes healthy lifestyles through the development of quality parks, facilities, recreation and cultural opportunities for the year round use of our citizens. It is the Department's mission to provide and promote parks, open spaces and leisure programming that will enhance active living and the well being of individuals and our community. Leisure Services operates and maintains three ice arenas plus a curling arena, an aquatic centre with a leisure pool, 25 meter 8 lanes lap pool, hot tub, sauna and steam room; a squash court; booking of City and school district facilities (parks, gyms, classrooms); providing special events at all City facilities through community and private partnerships.

Positions at Leisure Services include: Director of Leisure Services, Facilities Operations Manager, Leisure Development Manager, Programming and Staffing Coordinator, FT Clerk/Stenographer, 2 FT Recreation Workers, 10 FT and 1 PT Arena Technicians, 4 PT Receptionist/Clerk, FT Aquatic Coordinator, FT Lifeguard III, 2 PT Lifeguard III, 2 PT Lifeguard II, 20 Casual Lifeguards and 8 relief Lifeguards.

Leisure Services
Major items completed in 2009:

- Partnered with Provincial Government in obtaining the LED Reader Board for the RecPlex
- Partnered with BC Hydro to replace the lights at the Curling Arena with new energy efficient lighting.
- Partnered with the Provincial Government in obtaining funding for the purchase and installation of a seniors' Community Fitness Park.
- Major renovations to RecPlex north retaining wall and luxury suites.
- Partnered with the Arts and Heritage Community in the completion of the Cultural Plan.
- Completion of Marketing Plan for Special Events.
- Completion of Facilities Assessment Plan (Memorial, Kinsmen, Curling and RecPlex).
- Partnered with various local groups in obtaining funding to plant trees which helps reduce green house gases and further enhances urban open space, beautify parks and outdoor recreation areas and support stewardship actions and diversify and enhance urban forests.
- Partnered with School District #5 and the Provincial Government through Community Connections Program with three projects, grade three swim lessons, grade five free public swim and the construction of a Traverse Climbing Wall at Steeples Elementary School.

CRANBROOK
LEISURE SERVICES



Leisure Services
Major Initiatives (2010):

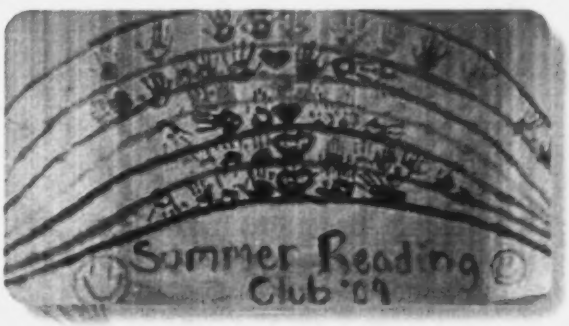
- City Partnership with the Federal Government through the RinC Program to provide funding for major renovations to the Memorial Arena.
- Electrical upgrades to RecPlex to host larger special events.
- Upgrades to RecPlex staging to accommodate a variety of shows.
- Upgrade to energy efficient heat exchanger for whirlpool.
- Replace lexan glass and kick boards at RecPlex – safety issue.
- Partner with Cranbrook Rotary Club on linking Rotary Way with the Trail from Kimberley to Cranbrook – preliminary.
- Partner with Early Childhood Development in providing swing set for the preschool play equipment and the greening of the preschool park in Balment Park.
- Partner with BC Hydro for transformer upgrade.
- Partner with BC Hydro in replanting trees at the Peace Park located at Idlewild Park.
- Purchase special event equipment through VANOC at discounted prices.
- Host special events including 2010 Olympic Torch Relay, Hockeyville and major concerts.

Leisure Services
Major Initiatives (2011):

- Partner with Rotary Club in the construction of a trail to link the Rails to Trails with the existing Rotary Way.
- Upgrade HVAC system at RecPlex - Arena.
- Upgrade HVAC system at Curling Arena.
- Partner with Rocky Mt. Naturalist on the upgrades at Confederation Park.
- Completion of Moir Centennial Athletic Park plan.

The Cranbrook Public Library strives to connect people to information and ideas, promote literacy, and support lifelong learning through the provision of superior library services.

The Cranbrook Public Library provides free access to core library services to residents of the City of Cranbrook and RDEK Area C. Services include: circulation of books, magazines, cassette, CD and downloadable audio books, eBooks, videocassettes and DVDs, and music CDs; public computers with access to the Internet and common office applications, and wireless Internet access; ongoing programming for children and occasional programming for other target audiences; access to specialized subscription databases; information services; delivery of material to homebound patrons. The Library is governed by a Council-appointed Library Board. The Library has 15 staff members, including the Chief Librarian, Children's and Youth Librarian (Deputy Librarian), technical services staff, circulation staff and page staff. There are 7 full-time and 8 part-time employees.



The major objectives completed in 2009 were to: plan and complete the second phase of the landscaping project; update the Library's website; develop a plan, with budget, for the 2010 Monday opening objective detailed in the Library's strategic plan (due to budget constraints this plan could not be implemented); continue to work with the Library Board and staff to build a positive image of the Library in our community.

Library Services
Major Initiatives (2010):

- Investigate erecting a sound barrier between the top of the horseshoe and ceiling in the children's library.
- Build a permanent magazine exchange and sitting area in the entrance to the library.
- Create a plan to strengthen and diversify the type of programs offered by the library.
- Install magnetic door openers on the interior entrance doors.
- Replace the opening mechanisms on the exterior doors to meet the high usage demands placed upon them.
- Replace the glass doors on the hallway display case.

Library Services
Major Initiatives (2011):

- Develop a comprehensive marketing strategy to create a recognizable Cranbrook Public Library brand for all material produced by the library.

CRANBROOK
PUBLIC WORKS

Public Works crews keep the City moving. Taking care of approximately 138 km of paved roads and about 43 km of unpaved lanes and streets, the crews clear snow, sand, repair and clean our streets. The crews take care of public parking lots, sidewalks and pedestrian pathways; roadway and surface drainage channels, structures and storm sewers. To ensure traffic moves safely Public Works maintains traffic and pedestrian signals, street lighting, regulatory and information signage.

Approximately 6900 water services are maintained to residences across the City as well as 175 business, and 5 industrial services. In 2009, 975,817,900 imperial gallons (4.4 billion litres) of potable water were delivered to clients. Public Works crews maintain, repair and replace the in-ground pipes delivering this essential service; monitor the quality of the water collected at two separate surface watersheds, maintain a diversion structure, surface water reservoir, disinfection facilities and feed lines. Instrumentation installed in the Gold Creek and Joseph Creek watersheds and at a diversion structure south of the City's Phillips Reservoir provides continuous on-line monitoring of surface water quality and flows from these valuable water sources. The equipment also monitors the apportionment of surface waters directed into the reservoir and into Joseph Creek that flows through Cranbrook. The monitoring equipment measures conductivity, turbidity and temperature from each of the two watersheds and records flow from the Gold Creek pipeline. Crews completed 85 major repairs to water and sewer services in 2009.

Public Works also keeps the City clean and attractive. Crews collect residential solid waste and trash from public areas, are responsible for the maintenance and operation of the City's wastewater collection and treatment systems as well as effluent transfer to the Spray Irrigation site.

In our parks and open spaces Public Works personnel maintain playfields, playgrounds, boulevards, creeks and natural areas, trees, shrubs and gardens, the cemeteries, mausoleum and public structures including water parks, shelters and public toilets. Our crews work closely with community groups involved in the planting of trees, shrubs and flowers throughout Cranbrook by providing personnel and equipment to both develop new planting sites and maintain existing sites.

City Hall, our Arenas, the Public Works yard, Fire Stations and numerous small public buildings are maintained by Public Works personnel, directly and by contract, providing janitorial services, security, heat/ventilation/air conditioning services, carpentry, electrical, plumbing, painting, roofing, flooring, lighting and glazing.

To keep all of these services on the move our crews maintain, service and repair the City's fleet of vehicles and apparatus.

The Director of Public Works is responsible for the overall operation of the department as well as the day to day operation of the utilities function. The Public Works Manager looks after the roads, sidewalks, parks, cemeteries, and the collection of residential solid waste. The Trades Manager oversees the building and fleet operation and is responsible for traffic signals, street lights, and roadway, transit, and information signage in the community.

Forty-seven full time staff provide the hands-on delivery of service and are supported by two administrative positions. During summer, a crew of fifteen students is brought on to maintain the large area of parks, playfields and green space in the community.

Public Works Department
2009 Accomplishments:

- Centennial II green space site work, planting and turf.
- Moir Park entrance upgrade and pedestrian walkway.
- Install steel 'boots' on Memorial Arena wooden support arches.
- Install remote water quality and weather monitoring instrumentation in the City's watersheds, at the wastewater treatment lagoons and the spray irrigation site.
- Replace rail fencing around portions of Idlewild Park.
- Assist Maverick Riding Club to upgrade the Idlewild riding arena.
- Implement the first phase of an Urban Forest Management Plan.
- Plant trees in the downtown area and in many open space areas.
- Install a coarse screen on the influent end of the wastewater treatment lagoons.
- Provide additional electrical power supply at Rotary Park.
- Complete exterior of security structure at the confluence of Joseph Creek, Baker Creek, and the Gold Creek pipeline.
- Adoption of a new Cemetery Bylaw.
- Support for Sam Steele Days, the Children's Festival and Relay For Life campaign.
- Replace roofs on the Senior's Centre, Boys & Girls Club and a building on 8th Ave. South.
- Upgrade portions of the roadway network and turf at Westlawn Cemetery.
- Replace in-ground fuel storage tanks at Public Works with an above ground fuel station.
- Install low maintenance trash receptacles in parks and green spaces.
- Install signage as required.
- Replace two exterior emergency exit stair cases at City Hall.
- Upgrade traffic signals at 2nd Street South and 14th Avenue.
- Install in-ground irrigation systems at the Kinsmen Quad Ball Park.
- Partial construction of an addition to the City's water disinfection facility.
- Complete construction of a large valve chamber at the Phillips Reservoir.
- Partial construction of concrete building at the Phillips Reservoir.

Public Works
Major Initiatives (2010):

- Complete installation of steel 'boots' on Memorial Arena support arches.
- Install in-ground irrigation system at the Kinsmen Greenbelt Park.
- Complete construction of an addition to the City's water disinfection facility.
- Complete construction of a concrete building at the Phillips Reservoir.
- Complete safety upgrades to the tunnel at the Phillips Reservoir.
- Complete interior construction of the Diversion security structure.
- Replace roofing membranes at the Library and at the Public Works building.
- Construct a metal roof and enclosure to protect the lagoon screening equipment.
- Replace the vehicle bridge across Joseph Creek at the Tourist Park.
- Upgrade a City Hall washroom to enable handicap access and use.
- Expand the water and wastewater utility SCADA system to provide water quality and system monitoring of additional water and sewer facilities.
- Construct an R/V sani-dump.
- Implement City Works complaint and work tracking software and procedures.
- Field confirm transportation, utility, and parks related GIS information.
- Support 'Trees For Life' and other tree planting programs.

Public Works
Major Initiatives (2011):

- Full implementation of GIS based work and complaint tracking software.
- Implementation of a structured fleet replacement program.

Police Services

Community police services are provided by the Royal Canadian Mounted Police through a contract with the City of Cranbrook. The municipal component of the Detachment includes 26 officers and 14 municipal employees providing a wide range of police services. This includes general duty, plain clothes serious crime section, forensic identification and crime prevention community policing. Additionally, the Detachment has the services of a First Nations policing officer, police dog, victim services and a successful Restorative Justice program. In 2009, the Detachment responded to a total of 7085 calls for service within the City of Cranbrook. In addition to responding to calls for service each year, the Detachment in consultation with the community as well as the Mayor and Council identifies priorities. In 2009, these priorities were:

Prolific Offenders

In 2009 an initiative by police to monitor compliance of court ordered conditions was implemented. In cases where it was found that a person was non compliant, charges were recommended. The goal was to hold people accountable to the original sentence imposed for the offence they had committed, as well as to deter committing of further offences that impact the community. A total 138 instances of breaches for non compliance were detected.

Property Crime

In an effort to provide information and education to the public a booth was set up at the Cranbrook Home and Trade Show. Members of the detachment were able to meet with the public and provide them with information on how to safeguard themselves and their properties to keep them from becoming victims of various crimes. During the latetr part of 2009, a B.A.I.T. car from the Lower Mainland was deployed within the City of Cranbrook. This program is designed to provide an opportunity for criminals to steal the vehicle or it contents. The vehicle is equipped with electronic equipment to allow monitoring by police in view of apprehending the suspect.

Traffic

In 2009, members of the Cranbrook Detachment initiated 1,554 traffic contacts; apprehended 57 impaired drivers and issued 197, 24-hour driving prohibitions. School zones were monitored during times such as the school opening and with the arrival of spring. A member of the detachment also sits on the Cranbrook in Motion Committee.

Alcohol and Drugs

A joint initiative between the liquor inspector and neighboring detachments was implemented to monitor activity in and around the areas of licensed premises. This was aimed at detecting criminal or unruly behavior by persons as well as compliance of licence requirements by establishments that serve alcohol. A number of violations were dealt with by the Liquor Control and Licensing Branch by way of fine or periods of licence suspension. In partnership with the City of Cranbrook and the Cranbrook Downtown Business Association a project was

implemented to modify the environment to deter alcohol and drug use in the downtown area. This project was conducted through a CPTED analysis (Crime Prevention Through Environmental Design) and saw a number of changes that included increased visibility and removal of debris.

Youth

A key and noteworthy success through community and agency partnership is the CPEC strategy (Community Prevention Education Continuum). This is a community approach beginning in kindergarten through to grade 12 in which youth are provided with means and skills to make positive life choices. This has resulted in an overall drug use reduction by youth in Cranbrook. As an example, marijuana use has declined by 11.6% since 2005 by students in grades 10 through 12. This program has brought Cranbrook national attention as a model by which to reduce drug and alcohol use by youth. The detachment continues to deliver D.A.R.E., P.A.R.T.Y., school liaison and other interaction programs with youth in support of CPEC.

Community Involvement

The COPS for Kids ride came to Cranbrook again in 2009 with Constable Felicia Alston taking part as a rider. This year raised approximately $15,000, which benefitted 5 local families with sick children.

In September a Regimental Ball, in partnership with the Masonic Lodge was held. Corporal Pat Prefontaine was the co-chair of this event which raised approximately $22,000 for cancer. The Community Policing Officer, Constable Melody Munro is a member of the Family and Community Services Committee, Safe Communities Committee and Homeless Shelter Coalition. For 2010 Constable Lisa Schlatter will sit on these committees.

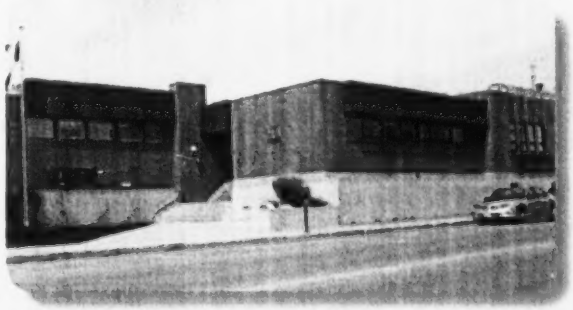
Auxiliary Constables, Citizens on Patrol and Restorative Justice

The community benefits from the dedication of 42 volunteers in various programs which support the detachment to provide service to the community. In 2009 these volunteers gave over 3,500 hours of their time. In December five local residents completed six months of training and received their official designation as Auxiliary Constables in the RCMP. These A/Constables have since commenced volunteer duties within the detachment which vary from patrolling with members, to assisting at special events, and preventative programs.

Strategic Community Investment Funds

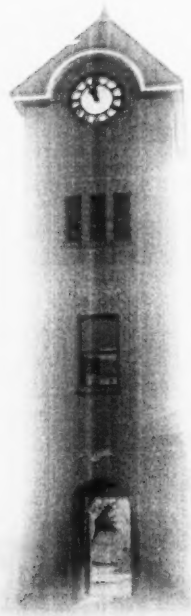
In 2009, the Provincial Government and UBCM acknowledged that BC communities need some financial assistance to stimulate local economies and create jobs. Thus, the Province restructured its small community grants and traffic fine revenue sharing grant transfer payments and created the Strategic Community Investment Funds.

In 2009, the City received $756,289 from the Strategic Community Investment Funds. The City used $300,000 of these funds in 2009 to cover the general increase in policing costs plus added one RCMP Officer to the RCMP contract. The balance of the 2009 Strategic Community Investment Funds of $456,289 were carried forward to 2010 to be used to retrofit 5 jail cells at an estimated cost of $275,000. The balance of the Strategic Community Investment Funds are being used in 2010 on an additional RCMP Officer plus other increases in policing costs and other Local Government services.



- Will Pearce
  Chief Administrative Officer
- Wayne Staudt, CA
  Director of Finance and Computer Services
- Roy Hales, MCIP
  Director of Corporate Services
- Jamie Hodge, P. Eng.
  City Engineer
- Diane Butz
  Director of Leisure Services
- Wayne Price
  Director of Fire and Emergency Services
- Joe A. McGowan, ASCT
  Director of Public Works

- SOLICITORS
  Murdy & McAllister
  Steidl, Kambeitz
- BANK
  Bank of Montreal
- AUDITORS
  BDO Canada LLP
- POLICE
  Royal Canadian Mounted Police



To the Mayor and Members of Council:

In accordance with Section 167 of the Community Charter, we are pleased to submit the 2009 consolidated financial statements for the Corporation of the City of Cranbrook, together with the report of our auditors, BDO Canada LLP.

The preparation of the consolidated financial statements is the responsibility of the City's management. The statements have been prepared in accordance with Canadian generally accepted accounting principles for governments in the Province of British Columbia. These principles are based upon recommendations of the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

The consolidated financial statements have been audited by BDO Canada LLP Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers. The auditors' report expresses their opinion on these consolidated financial statements. The auditors have full and free access to the accounting records.

Wayne Staudt, CA
Director of Finance and Computer Services

Will Pearce
Chief Administrative Officer

April 30, 2010

BDO

Tel: 250 426 4285
Fax: 250 426 8886
www.bdo.ca

BDO Canada LLP
35 - 10th Avenue S
Cranbrook BC V1C 2M9 Canada

Auditors' Report

To the Mayor and Council of the
The Corporation of the City of Cranbrook

We have audited the consolidated statement of financial position of the The Corporation of the City of Cranbrook as at December 31, 2009 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the The Corporation of the City of Cranbrook as at December 31, 2009 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Cranbrook, BC
April 30, 2010

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

December 31	2009	2008 (Note 1)
Financial Assets		
Cash and funds on deposit (Note 2)	$ 29,230,473	$ 31,526,142
Accounts receivable (Note 3)	4,029,209	2,769,226
Land held for resale	386,254	63,906
Deposit - Municipal Finance Authority (Note 4)	701,507	665,385
	34,347,443	35,024,659
Liabilities		
Accounts payable and accrued liabilities (Note 5)	5,209,414	7,729,928
Deferred revenue (Note 6)	2,617,770	2,503,481
Development cost charges (Note 7)	1,944,592	2,371,021
Reserve - Municipal Finance Authority (Note 4)	701,507	665,385
Long-term debt (Note 8)	31,922,405	32,111,347
Capital lease obligation (Note 9)	26,618	-
	42,422,306	45,381,162
Net Debt	(8,074,863)	(10,356,503)
Non-Financial Assets		
Tangible capital assets (Note 10)	139,677,353	134,591,302
Inventory of supplies	192,635	206,215
	139,869,988	134,797,517
Accumulated Surplus	$ 131,795,125	$ 124,441,014

Wayne Standt, CA
Director of Finance and Computer Services

Will Pearce
Chief Administrative Officer

The Corporation of the City of Cranbrook
Consolidated Statement of Operations

For the year ended December 31	2009 (Unaudited) Budget	2009 Actual	2008 (Note 1) Actual
Revenue			
Taxation for municipal purposes (Note 13)	$ 19,984,238	$ 20,008,393	$ 18,885,427
Grants in lieu of taxes	235,000	254,069	234,008
Utility fees	5,527,648	5,450,889	5,382,513
Federal government grants	1,928,620	1,358,195	862,241
Provincial government grants	1,787,369	1,686,517	1,456,151
Regional and other local government grants	262,474	439,094	328,276
Sale of services and fees	6,218,810	6,637,072	6,725,723
Service, penalties, and interest charges	247,460	404,636	401,226
Contributions from developers, and others	-	2,528,501	8,029,129
Contributed assets	-	100,000	119,882
Development cost charges	1,004,313	966,361	302,606
Interest earned on investments	155,100	240,711	990,598
Gain on sale of land held for resale	-	-	538,577
Other revenue	521,341	324,967	171,704
Donations	35,520	58,682	85,047
	37,907,893	40,458,087	44,513,108
Expenses (Note 14)			
General government services	5,279,442	4,793,858	4,669,980
Protective services	7,018,355	6,486,186	5,985,373
Engineering services	1,257,178	1,164,125	1,069,447
Public work services	4,029,896	3,930,878	3,800,904
Recreation complex	3,781,332	3,750,612	3,766,812
Recreation and cultural services	1,780,589	1,755,737	1,634,897
Water services	1,959,304	1,968,039	2,396,842
Sewer services	1,397,823	1,277,847	1,567,284
Solid waste services	2,010,561	1,959,735	1,984,196
Airport operations	1,739,160	1,460,678	1,498,861
Amortization	-	4,556,281	4,225,990
	30,253,640	33,103,976	32,600,586
Annual Surplus (Note 16)	7,654,253	7,354,111	11,912,522
Accumulated Surplus, beginning of year			
As previously stated (Note 1)	198,215,460	198,215,460	181,162,021
Prior period adjustment	(73,774,446)	(73,774,446)	(68,633,529)
As restated	124,441,014	124,441,014	112,528,492
Accumulated Surplus, end of year	$ 132,095,267	$ 131,795,125	$ 124,441,014

The Corporation of the City of Cranbrook
Consolidated Statement Changes in Net Debt

For the year ended December 31	2009	2009	2008
			(Note 1)
	(Unaudited) Budget	Actual	Actual
Annual Surplus	$ 7,654,253	$ 7,354,111	$ 11,912,522
Acquisition of tangible capital assets	(8,502,513)	(9,670,865)	(14,901,152)
Amortization of tangible capital assets	-	4,556,281	4,225,990
Loss on disposal of tangible capital assets	-	10,188	-
Proceeds on sale of tangible capital assets	-	18,400	-
Net consumption of inventories of supplies	-	13,580	4,210
	(8,502,513)	(5,072,416)	(10,670,952)
Change in net debt for the year	(848,260)	2,281,695	1,241,570
Net debt, beginning of year			
As previously stated	(10,341,943)	(10,341,943)	(11,584,073)
Prior period adjustment (Note 1)	(14,615)	(14,615)	(14,000)
As restated	(10,356,558)	(10,356,558)	(11,598,073)
Net debt, end of year	$(11,204,818)	$ (8,074,863)	$(10,356,503)

The Corporation of the City of Cranbrook
Consolidated Statement of Cash Flows

For the year ended December 31	2009	2008 (Note 1)
Operating transactions		
Annual Surplus	**$ 7,354,111**	$ 11,912,522
Items not involving cash		
Contribution from developers	**(2,329,822)**	(7,982,142)
Contributed assets	**(100,000)**	(119,882)
Actuarial adjustment	**(111,947)**	(80,002)
Amortization	**4,556,281**	4,225,990
Loss on sale of tangible capital asset	**10,188**	-
Changes in non-cash operating balances		
Accounts receivable	**(1,260,036)**	(752,558)
Land held for resale	**(322,348)**	188,421
Inventory	**13,580**	4,155
Accounts payable and accrued liabilities	**(2,520,514)**	(1,136)
Deferred revenue	**114,289**	161,387
Development cost charges	**(426,429)**	573,205
	4,977,353	8,129,960
Capital transactions		
Acquisition of tangible capital assets	**(7,241,043)**	(6,799,128)
Proceeds on sale of tangible capital assets	**18,400**	-
	(7,222,643)	(6,799,128)
Financing transactions		
Repayment of long-term debt	**(1,008,997)**	(3,331,371)
Repayment of obligations under capital lease	**(2,150)**	-
Proceeds from new debt	**932,000**	-
Proceeds from capital lease	**28,768**	-
	(50,379)	(3,331,371)
Net change in cash and funds on deposit	**(2,295,669)**	(2,000,539)
Cash and funds on deposit, beginning of year	**31,526,142**	33,526,681
Cash and funds on deposit, end of year	**$ 29,230,473**	$ 31,526,142
Supplementary information:		
Interest received	**$ 240,711**	$ 990,598
Interest paid	**$ 1,927,184**	$ 1,992,740

The Corporation of the City of Cranbrook
Summary of Significant Accounting Policies

December 31, 2009

Basis of Presentation

The consolidated financial statements of the Municipality are the representations of management and are prepared in accordance with Canadian generally accepted accounting principles for governments using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Reporting Entity

The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to City Council and which are owned or controlled by the City of Cranbrook.

These consolidated statements reflect the assets, liabilities, revenues, expenses, changes in net debt, and cash flows of the reporting entity. In addition to the general City of Cranbrook departments, the reporting entity includes the Cranbrook Public Library.

Funds on Deposit

Funds on deposit include temporary investments recorded at the lower of cost or market value.

Land Held for Resale

Land held for resale is stated at lower of cost and market value.

Vacation and Sick Pay

Vacation pay is charged to expense in the year it is earned. Sick leave is charged to expense when it is taken.

Development Cost Charges

Development cost charge ("DCC") levies are restricted by by-law in their use for providing funds to assist the municipality in paying the capital cost of providing, constructing, altering or expanding sewage, water, drainage and highway facilities and the revenue is deferred until the expenses are incurred. When DCC expenses are made, a corresponding amount is recorded in revenue as "Development Cost Charges."

Inventory

Inventory of supplies is stated at cost. Cost is determined on a moving average cost basis.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following acquisition as follows:

Land	Not amortized
Land improvements	15 to 25 years
Buildings	10 to 50 years
Technology – IT	5 to 10 years
Equipment	
Furniture and equipment	10 to 15 years
Equipment under capital lease	5 years
Infrastructure	
Roads and sidewalks	10 to 75 years
Storm sewers	25 to 40 years
Parking lots	15 to 50 years
Water infrastructure	25 to 60 years
Sewer infrastructure	20 to 50 years
Airport runway	20 to 40 years
Parks	10 to 50 years
Library book collection	3 to 10 years
Construction in progress	Not amortized

Revenue Recognition

Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted grants or contributions received under funding agreements which relate to a subsequent period are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received before this criterion has been met, is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expense is incurred.

Financial Instruments

The Municipality carries several financial instruments. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Budget Figures

The budget figures are from the Five Year Financial Plan Bylaw to be adopted each year. They have been reallocated and adjusted to conform to PSAB Financial Statement Presentation.

Use of Estimates

The consolidated financial statements of the Municipality have been prepared in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

1. Prior Period Adjustment

On January 1, 2009, the City adopted the provisions of Public Sector Accounting Standards Handbook Section 1000 *Financial Statement Concepts*, Section 1100 *Financial Statement Objectives*, Section 1200 *Financial Statement Presentation* and Section 3150 *Tangible Capital Assets* and has applied these standards on a retroactive basis. The adoption of these standards require the following:

- tangible capital assets be recorded only when such expenditures or contributions-in-kind represent a new asset, or extend the life or service capacity, or improve the quality of an existing asset;
- tangible capital assets be amortized over their estimated useful lives;
- Inventories of supplies be recorded and treated as non-financial assets; and
- operating surpluses, reserve funds and equity in capital assets be grouped together and presented as accumulated surplus.

1. Prior Period Adjustment Continued

As a result of the adoption of the new standards, the presentation of the financial statements has changed retroactively and the prior year restated as follows:

	2008 Restated	2008 As previously stated	Increase/ (decrease)
Statement of Financial Position			
Accumulated surplus, opening	$ 112,528,437	$ 181,162,021	$ (68,633,529)
Deferred revenue	2,503,481	2,488,866	14,615
Tangible capital assets (net)	134,591,302	208,351,188	(73,759,886)
Accumulated surplus, ending	124,441,014	198,215,460	(73,774,446)
Statement of Operations			
Revenue			
Taxation for municipal purposes	18,885,427	18,885,427	-
Grants in lieu of taxes	234,008	234,008	-
Utility connection and user fees	5,382,513	5,382,513	-
Federal government grants	862,241	862,241	-
Provincial government grants	1,456,151	1,456,751	(600)
Regional and other local gov't grants	328,276	328,276	-
Sale of services and fees	6,725,723	8,103,872	(1,378,149)
Service, penalties and interest charges	401,226	401,226	-
Contribution from Developers	8,029,129	7,982,141	46,988
Contributed assets	119,882	-	119,882
Development cost charges	302,606	302,606	-
Investment income	990,598	980,662	9,936
Proceeds from sale of land held for resale	-	331,563	(331,563)
Gain on sale of land	538,577	-	538,577
Omnibus agreement – termination fee	-	20,000	(20,000)
Other Revenue	171,704	185,014	(13,310)
Donations	85,047	-	85,047
Actuarial adjustment	-	80,002	(80,002)
Adjusted revenues	44,513,108	45,536,302	(1,023,194)

December 31, 2009

1. **Prior Period Adjustment Continued**

	2008 Restated	2008 As previously stated	Increase/ (decrease)
Expenses/expenditures			
General government services	4,669,980	4,869,138	(199,158)
Protective services	5,985,373	5,982,339	3,034
Engineering services	1,069,447	709,662	359,785
Public works services	3,800,904	4,274,477	(473,573)
Recreation complex	3,766,812	2,238,955	1,527,857
Recreation and cultural services	1,634,897	981,988	652,909
Water services	2,396,842	1,705,327	691,515
Sewer services	1,567,284	1,200,959	366,325
Solid waste system operations	1,984,196	2,106,629	(122,433)
Airport operations	1,498,861	1,324,555	174,306
Special Projects	-	695,130	(695,130)
Cost of land sold	-	172,508	(172,508)
Interest on long-term debt	-	2,133,654	(2,133,654)
Capital expenditures	-	7,916,708	(7,916,708)
Contributed capital assets	-	7,982,142	(7,982,142)
Amortization	4,225,990	-	4,225,990
Adjusted expenses/expenditures	32,600,586	44,294,171	(11,693,585)
Annual Surplus	**11,912,522**	**1,242,131**	**10,670,391**

2. Cash and Funds on Deposit

Included in cash and funds on deposit is a GIC in the amount of $1,708,300 (2008 - $1,708,300) with an interest rate of 4.525% per annum. Amounts included in cash and funds on deposit which have been specifically designated and set aside for internally and externally restricted purposes total $13,001,411 (2008 - $13,951,588).

3. Accounts Receivable

	2009	2008
Taxes - current	$ 1,034,098	$ 669,562
- arrears	405,942	173,999
Federal government	693,851	462,568
Province of British Columbia	420,131	320,863
Regional and other local governments	99,137	636
Other receivables	1,376,050	1,141,598
	$ 4,029,209	$ 2,769,226

4. Deposit and Reserve - Municipal Finance Authority

The Municipality issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld by the Municipal Finance Authority as a debt reserve fund. The Municipality also executes demand notes in connection with each debenture whereby the Municipality may be required to loan certain amounts to the Municipal Finance Authority. The details of the cash deposits and demand notes at year end are as follows:

	2009	2008
Demand notes	$ 505,645	$ 482,540
Cash deposits	195,862	182,845
	$ 701,507	$ 665,385

December 31, 2009

5. Accounts Payable and Accrued Liabilities

	2009	2008
Federal government	$ 991,031	$ 806,184
Province of British Columbia	534,717	1,719,253
Regional and other local governments	23,725	2,993
Vacation and accrued benefits payable	703,415	655,041
Other payables	2,956,526	4,546,457
	$ 5,209,414	$ 7,729,928

6. Deferred Revenue

	2009	2008 (Note 1)
Property taxes	$ 2,250,659	$ 2,107,806
Sewer Assistance Grant	50,445	85,290
Other	316,666	310,385
	$ 2,617,770	$ 2,503,481

7. Development Cost Charges

	2009	2008
Balance, beginning of year	$ 2,371,021	$ 1,797,816
Add:		
Interest earned	11,373	56,108
Development cost charge levies	528,559	819,703
	2,910,953	2,673,627
Deduct:		
Expenditures	966,361	302,606
Balance, end of year	$ 1,944,592	$ 2,371,021

December 31, 2009

8. Long-term Debt

	2009	2008
Mortgages		
Mortgage debt is repayable to Canada Life Assurance Company and Pacific & Western Bank of Canada, repayable monthly $149,369 including interest at approximately 7.25%, maturing 2030.	**$ 19,484,032**	$ 19,870,634
Debenture Debt		
Debenture debt is repayable to the British Columbia Municipal Finance Authority. Existing debentures mature in annual amounts to the year 2032 and interest is payable at rates ranging from 3.15% to 6.50% per annum.	**12,438,373**	12,167,663
Bank Loans		
Bank loans, primarily comprised of capital borrowings in accordance with S.178 of the Community Charter, were repaid during the year.	-	73,050
	$ 31,922,405	$ 32,111,347

Future minimum principal payments and actuarial adjustments required on long-term debt for the next five years and thereafter are due as follows:

	Debenture Debt	Bank Loans	Mortgages	Total
2010	$ 582,211	$ -	$ 415,555	$ 997,766
2011	582,211	-	430,884	1,013,095
2012	582,211	-	447,345	1,029,556
2013	582,211	-	465,021	1,047,232
2014	582,211	-	484,001	1,066,212
Thereafter	9,527,318	-	17,241,226	26,768,544
	$ 12,438,373	$ -	$ 19,484,032	$ 31,922,405

9. Capital Lease Obligation

	2009	2008
Computer equipment lease, minimum monthly payments of $945, interest rate 11.53%, expires August 2012	$ 26,618	$ -

Future minimum payments under capital lease are:

Year	Amount
2010	$ 11,340
2011	11,340
2012	8,506
	31,186
Imputed interest	(4,568)
	$ 26,618

December 31, 2009

10. Tangible Capital Assets

									2009
	Land	Land Improvements	Buildings	Technology - IT	Equipment	Infrastructure	Construction in Progress	Library Book Collection	Total
Cost, beginning of year	$ 8,109,519	$ 1,362,827	$ 36,673,126	$ 936,715	$ 9,115,509	$ 129,616,294	$ 7,939,726	$ 656,508	$ 194,410,224
Additions	63,851	389,180	418,202	376,040	908,196	5,472,879	1,973,336	69,371	9,671,055
Disposals	-	(28,029)	(27,846)	(16,019)	(618,820)	-	-	(54,922)	(745,636)
Reclassification of Construction in Progress	-	-	7,705,347	-	-	234,379	(7,939,726)	-	-
Cost, end of year	8,173,370	1,723,978	44,768,829	1,296,736	9,404,885	135,323,552	1,973,336	670,957	203,335,643
Accumulated amortization, beginning of year	-	715,130	10,178,112	425,127	4,902,656	43,253,440	-	344,457	59,818,922
Amortization	-	43,814	884,142	101,302	514,058	2,946,427	-	66,538	4,556,281
Disposals	-	(28,029)	(27,846)	(16,019)	(590,097)	-	-	(54,922)	(716,913)
Accumulated amortization, end of year	-	730,915	11,034,408	510,410	4,826,617	46,199,867	-	356,073	63,658,290
Net carrying amount, end of year	$ 8,173,370	$ 993,063	$ 33,734,421	$ 786,326	$ 4,578,268	$ 89,123,685	$ 1,973,336	$ 314,884	$ 139,677,353

December 31, 2009

10. Tangible Capital Assets (continued)

(Note 1)	Land	Land Improvements	Buildings	Technology - IT	Equipment	Infrastructure	Construction in Progress	Library Book Collection	Total
									2008
Cost, beginning of year	$ 8,109,519	$ 1,056,845	$ 36,358,209	$ 838,033	$ 8,567,588	$ 118,292,962	$ 5,852,705	$ 613,694	$ 179,689,555
Additions	-	305,982	358,439	113,110	634,222	11,323,332	2,087,021	78,925	14,901,031
Disposals	-	-	(43,522)	(14,428)	(86,301)	-	-	(36,111)	(180,362)
Cost, end of year	8,109,519	1,362,827	36,673,126	936,715	9,115,509	129,616,294	7,939,726	656,508	194,410,224
Accumulated amortization, beginning of year	-	683,556	9,355,577	347,565	4,501,169	40,569,952	-	315,475	55,773,294
Amortization	-	31,574	866,057	91,990	487,788	2,683,488	-	65,093	4,225,990
Disposals	-		(43,522)	(14,428)	(86,301)	-	-	(36,111)	(180,362)
Accumulated amortization, end of year	-	715,130	10,178,112	425,127	4,902,656	43,253,440	-	344,457	59,818,922
Net carrying amount, end of year	$ 8,109,519	$ 647,697	$ 26,495,014	$ 511,588	$ 4,212,853	$ 86,362,854	$ 7,939,726	$ 312,051	$ 134,591,302

11. Credit Facility

The Municipality has a credit facility agreement with a financial institution which provides for a total commitment of $4,000,000. At December 31, 2009, the Municipality had drawn an amount of $Nil (2008 - $Nil) on this agreement.

12. Pension Liability

The Municipality and its employees contribute to the Municipal Pension Plan ("the Plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of $438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The Corporation of the City of Cranbrook paid $710,238 (2008 - $672,506) for employer contributions to the plan in fiscal 2009.

13. Taxation for Municipal Purposes

Taxation revenue for municipal purposes is comprised of the following amounts:

	2009	2008
Total levies and special assessments	$ 29,052,122	$ 27,564,145
Transfers to other governments		
Regional District of East Kootenay	372,915	308,125
School District	7,716,488	7,418,492
Regional Hospital District	751,883	762,454
BC Assessment Authority	202,443	189,647
	9,043,729	8,678,718
General municipal purposes	$ 20,008,393	$ 18,885,427

14. Expenses by Object

	2009	2008 (Note 1)
Administration	$ 2,313,586	$ 2,152,137
Amortization expense	4,556,282	4,225,990
Contract and professional services	9,106,285	8,800,146
Contributions to organizations	398,422	376,912
Debt servicing and financing charges	2,141,311	2,133,654
Materials, supplies, repairs, maintenance	2,912,962	3,861,190
Wages and benefits	11,675,128	11,050,557
	$ 33,103,976	$ 32,600,586

15. Commitments and Contingencies

a) Service Contracts

The Municipality has service contracts with estimated annual minimum payments of $6,229,980 (2008 - $5,506,604).

b) Contingency for Pension Plan Contributions

The City is required to match employee contributions to the Municipal Pension Plan when an employee decides to purchase enrolment arrears for service periods prior to January 1, 1988. The future pension cost for this is unknown and these amounts, if any, will be expensed as payroll costs in future years when paid.

c) Other Contingencies

There are potential lawsuits pending in which the City is involved. It is considered that the potential claims against the City resulting from such litigation and not covered by insurance would not materially affect the consolidated financial statements of the City. These amounts, if any, will be expensed in future years when the claims are settled.

December 31, 2009

16. Budget

The Budget adopted by Council on March 23, 2009 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to $nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result the budget figures presented in the statements of operations and net debt represent the Budget adopted by Council on March 23, 2009 with adjustments as follows:

	2009
Budgeted surplus for the year	$ -
Add:	
Capital expenditures	8,584,513
Debt repayment	1,010,615
Transfers to surplus	563,284
Budgeted net transfer to reserves	400,068
Less:	
Budgeted transfers from accumulated surplus	(2,904,227)
	$ 7,654,253

17. Comparative Figures

The comparative figures presented in the financial statements have been restated to conform to the current year's presentation.

18. Trust Funds

The Municipality holds funds in trust for specific uses comprised of the following amounts:

	2009	2008
Westlawn Perpetual Care Fund	$ 246,457	$ 239,457
General Cemetery Care Fund	5,338	5,338
Mausoleum Perpetual Care Fund	102,660	100,588
Arches Fund	8,058	2,977
	$ 362,513	$ 348,360

The assets and offsetting liabilities are not reflected in the Municipality's consolidated financial statements.

19. Segment Disclosure

The City of Cranbrook has identified the General, Utility and Airport funds as distinguishable activities of the municipality, and the Cranbrook Public Library as a distinguishable organization for which it is appropriate to separately report financial information.

The nature and activities of these identified segments are as follows:

- The General fund provides administration, protection (fire and police), public works, engineering, and recreation services and are funded through property taxation, grants, and service/user fees.

- The Utility fund provides water, sewer and solid waste services and is self-supporting, primarily funded by user fees and parcel taxes.

- The Airport fund encompasses the activities of the Canadian Rockies International Airport, a commercial operation.

- The Cranbrook Public Library is a municipal public library established under Bylaw No. 3418 to provide library services to the municipality.

The financial activities of these segments are reported in the following Schedule - Segment Reporting of Revenue and Expenses.

The Corporation of the City of Cranbrook
Schedule - Segment Reporting of Revenue and Expenses

For the year ended December 31 — 2009

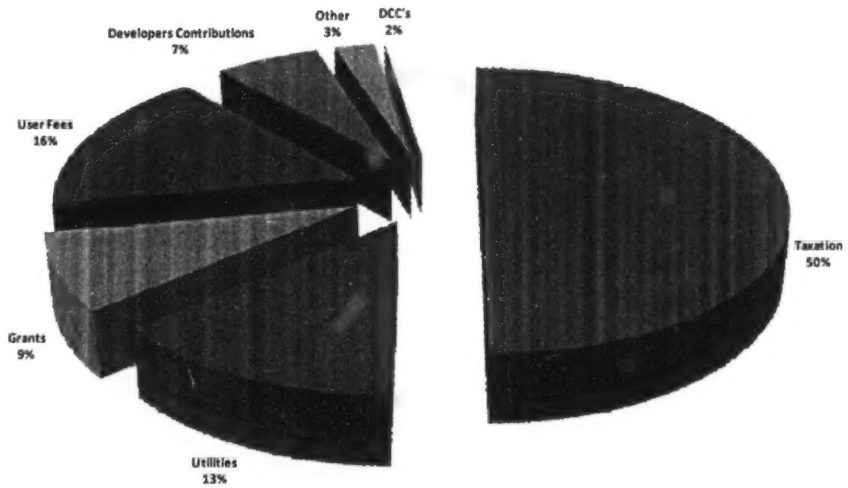
	General	Utility	Airport	Library	Elimination	Total
Revenue						
Taxation for municipal purposes	$ 18,259,916	$ 1,748,477	$ -	$ -	$ -	$ 20,008,393
Grants in lieu of taxes	254,069	-	-	-	-	254,069
Utility fees	-	5,450,889	-	-	-	5,450,889
Federal government grants	1,302,611	-	54,732	852	-	1,358,195
Provincial government grants	1,487,987	35,331	39,583	123,616	-	1,686,517
Regional and other local government grants	313,193	-	-	585,481	(459,580)	439,094
Sale of services and fees	6,033,819	141,539	2,030,907	-	(1,569,193)	6,637,072
Service, penalties, and interest charges	369,912	34,724	-	-	-	404,636
Contributions from developers, and others	2,284,097	244,404	-	-	-	2,528,501
Contributed Assets	100,000	-	-	-	-	100,000
Development cost charges	703,156	263,205	-	-	-	966,361
Interest earned on investments	173,951	52,883	13,877	-	-	240,711
Other revenue	161,890	93,345	12,725	57,007	-	324,967
Donations	-	-	-	58,682	-	58,682
	31,444,601	8,064,797	2,151,824	825,638	(2,028,773)	40,458,087
Expenses						
General government services	5,281,471	-	-	-	(487,613)	4,793,858
Protective services	6,509,395	-	-	-	(23,209)	6,486,186
Engineering services	1,164,125	-	-	-	-	1,164,125
Public work services	4,471,559	-	-	-	(540,681)	3,930,878
Recreation complex	3,750,612	-	-	-	-	3,750,612
Recreation and cultural services	1,084,857	-	-	681,091	(10,211)	1,755,737
Water services	-	2,411,519	-	-	(443,480)	1,968,039
Sewer services	-	1,595,743	-	-	(317,896)	1,277,847
Solid waste services	-	2,135,418	-	-	(175,683)	1,959,735
Airport operations	-	-	1,490,678	-	(30,000)	1,460,678
Amortization	2,625,180	1,399,864	408,870	122,367	-	4,556,281
	24,887,199	7,542,544	1,899,548	803,458	(2,028,773)	33,103,976
Net revenues	$ 6,557,402	$ 522,253	$ 252,276	$ 22,180	$ -	$ 7,354,111

The Corporation of the City of Cranbrook
Schedule - Segment Reporting of Revenue and Expenses

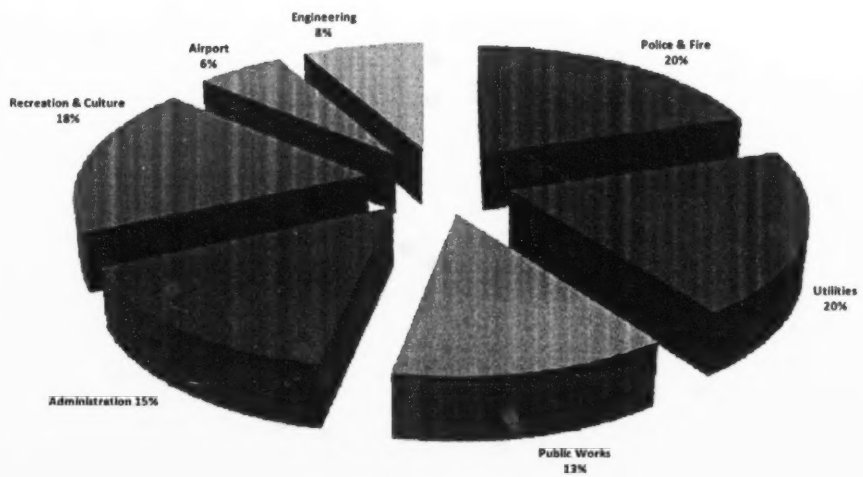
For the year ended December 31 — 2008 (Note 1)

	General	Utility	Airport	Library	Elimination	Total
Revenue						
Taxation for municipal purposes	$ 17,352,800	$ 1,532,627	$ -	$ -	$ -	$ 18,885,427
Grants in lieu of taxes	234,008	-	-	-	-	234,008
Utility fees	-	5,382,513	-	-	-	5,382,513
Federal government grants	477,641	-	384,600	-	-	862,241
Provincial government grants	1,226,541	99,123	27,322	103,165	-	1,456,151
Regional and other local government grants	198,593	-	-	570,738	(441,055)	328,276
Sale of services and fees	6,205,892	151,688	1,989,895	-	(1,621,752)	6,725,723
Service, penalties and interest charges	367,148	34,078	-	-	-	401,226
Contributions from developers, and others	4,960,301	3,068,828	-	-	-	8,029,129
Contributed Assets	119,882	-	-	-	-	119,882
Development cost charges	-	302,606	-	-	-	302,606
Interest earned on investments	729,224	191,889	69,485	-	-	990,598
Gain on sale of land	538,577	-	-	-	-	538,577
Other revenue	30,293	78,890	5,324	57,197	-	171,704
Donations	-	-		85,047	-	85,047
	32,440,900	10,842,242	2,476,626	816,147	(2,062,807)	44,513,108
Expenses						
General government services	5,152,656	-	-	-	(482,676)	4,669,980
Protective services	6,009,503	-	-	-	(24,130)	5,985,373
Engineering services	1,069,447	-	-	-	-	1,069,447
Public work services	4,424,119	-	(59,663)	-	(563,552)	3,800,904
Recreation complex	3,766,812	-	-	-	-	3,766,812
Recreation and cultural services	1,013,518	-	-	632,018	(10,639)	1,634,897
Water services	-	2,848,358	-	-	(451,516)	2,396,842
Sewer services	-	1,886,970	-	-	(319,686)	1,567,284
Solid waste services	-	2,224,141	(59,337)	-	(180,608)	1,984,196
Airport operations	-	-	1,528,861	-	(30,000)	1,498,861
Amortization	2,428,398	1,279,997	407,593	110,002		4,225,990
	23,864,453	8,239,466	1,817,454	742,020	(2,062,807)	32,600,586
Net revenues	$ 8,576,447	$ 2,602,776	$ 659,172	$ 74,127	$ -	$ 11,912,522

2009 Revenue



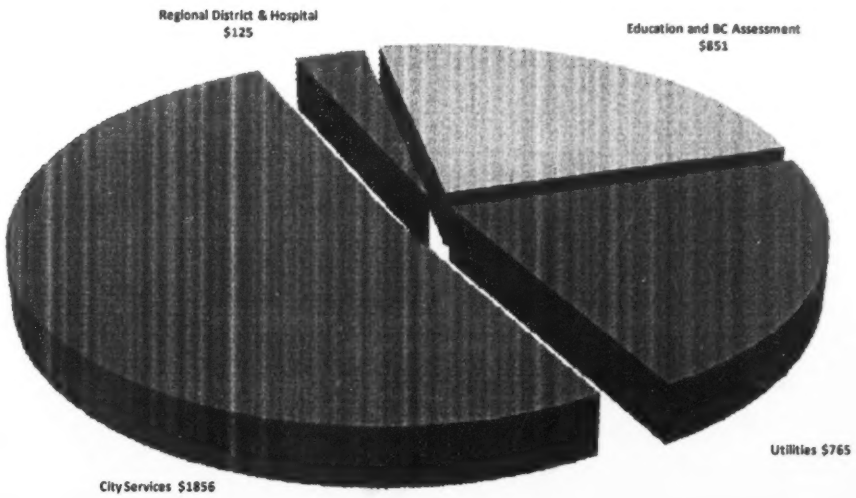
2009 Expenditures



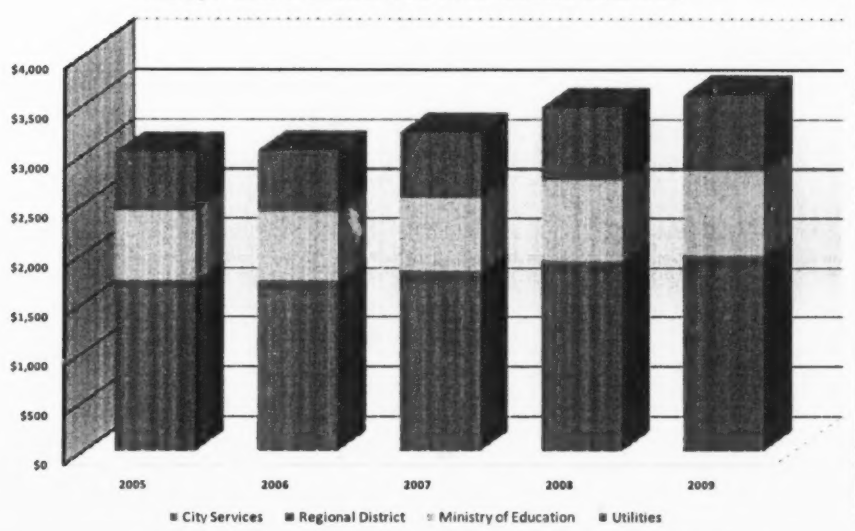
City of Cranbrook Population 19,161
City of Cranbrook Voters List 14,350

2009 Taxes and Utilities for an Average Household

(Before Provincial Home Owner Grant)

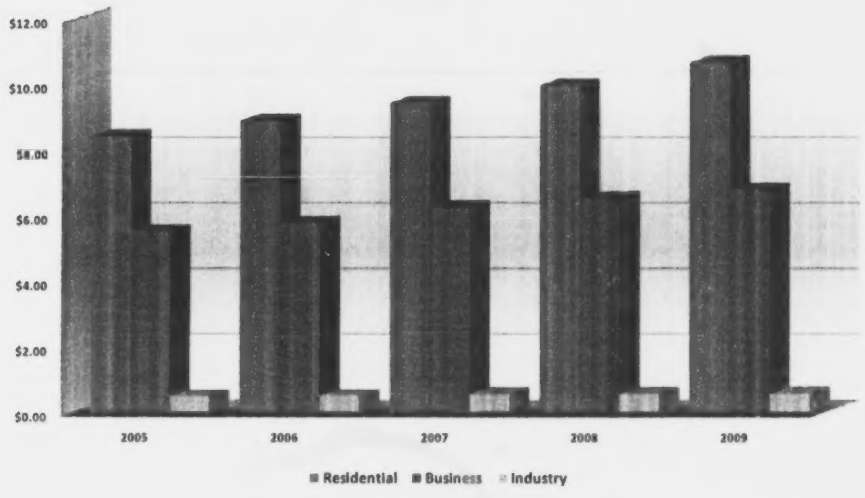


Average Taxes & Utilities (Before Provincial Home Owner Grant)

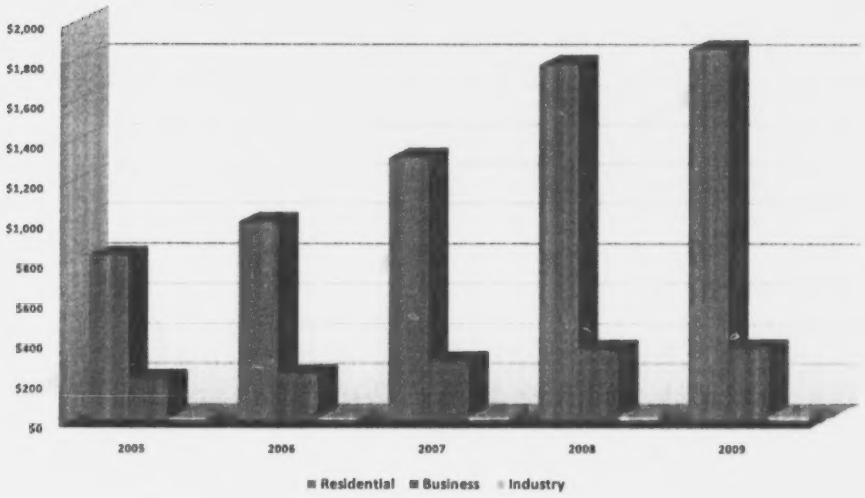


City of Cranbrook Elevation 921m
City of Cranbrook Area 3185 ha

Property Taxes
(In Millions of Dollars)



Assessed Values
(In Millions of Dollars)



MOUNTAINS OF OPPORTUNITY
CRANBROOK

In accordance with Section 98(2)(b) of the *Community Charter*

Following adoption of "City of Cranbrook Annual Taxation Exemption Bylaw No. 3635, 2008", the following properties were provided a permissive property tax exemption by City Council for the year 2009

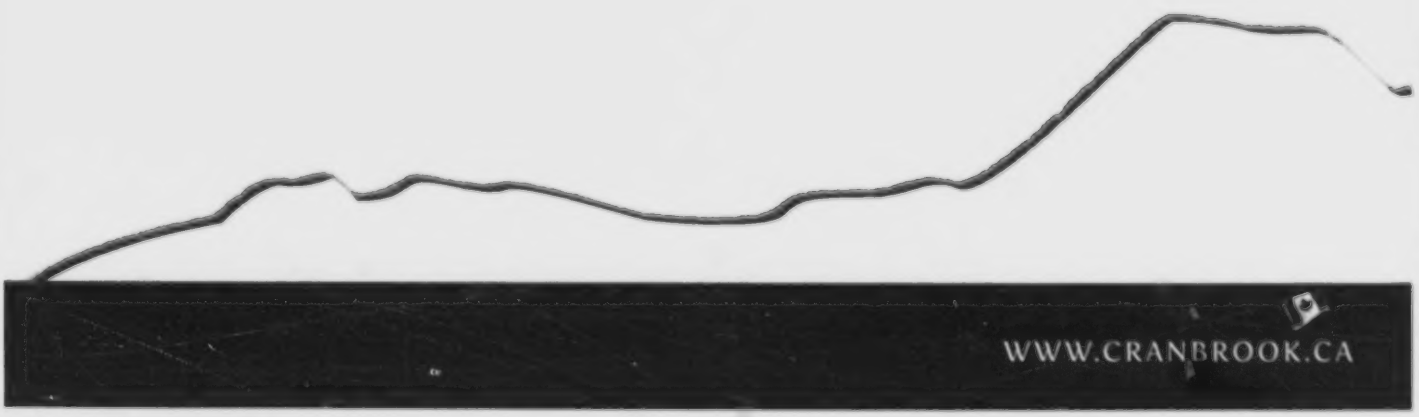
Roll Number	Address	Property Tax Exemption Recipient	$$ Value of Municipal Property Taxes Exempted
2120.000	300 - 6th Avenue South	BC Corp of 7th Day Adventist Church	$ 920
1118.000	39 - 13th Avenue South	Canadian Mental Health Association	4,838
1121.000	5 - 13th Avenue South	Canadian Mental Health Association	893
3640.000	1701 - 5th Street South	Catholic Public Schools of Nelson	5,258
1047.000	32 - 13th Avenue South	Community Connections Society of Southeast BC	2,108
1522.000	20 - 12th Avenue North	Community Connections Society of Southeast BC	5,048
1524.000	22 - 12th Avenue North	Community Connections Society of Southeast BC	968
4748.000	46 - 17th Avenue South	Community Connections Society of Southeast BC	5,020
8850.000	Kootenay Street North	Cranbrook Alliance Church	2,123
9510.000	200 Kootenay Street North	Cranbrook Alliance Church	1,530
10101.000	1 Van Horne Street North	Cranbrook Archives Museum & Landmark Foundation	2,705
18008.000	57 Van Horne Street South	Cranbrook Archives Museum & Landmark Foundation	8,417
18008.015	75 Van Horne Street South	Cranbrook Archives Museum & Landmark Foundation	30,547
18010.000	1 Van Horne Street North	Cranbrook Archives Museum & Landmark Foundation	1,702
18010.500	CP R/W Lease	Cranbrook Archives Museum & Landmark Foundation	765
4673.500	19 - 15th Avenue South	Cranbrook Society for Community Living	25,553
4675.000	1500 - 1st Street South (67%)	Cranbrook Society for Community Living	1,437
1822.000	328 - 14th Avenue South	First Baptist Church of Cranbrook	1,476
1972.000	300 - 10th Avenue South	Foursquare Gospel Church of Canada	901
10189.000	629 - 6th Street NW	Gathering of Praise Fellowship	1,304
5829.000	533 Slater Road NW	Governing Council Salvation Army in Canada	588
259.000	219 - 15th Avenue South	J. Fred Scott Villa	431
1595.001	20 - 14th Avenue North	Key City Theatre	29,866
4541.000	2200 - 3rd Street South	Mount Baker Congregation of Jehovah's Witnesses	992
2842.000	922 - 11th Street South	Mount Zion Lutheran Church	1,746
9903.000	2300 - 2nd Street North	Mountain View Village	9,176
841.000	821 - 1st Street South (67%)	New Apostolic Church Canada	1,704
2967.000	501 - 11th Avenue South	Pentecostal Assemblies of Canada	911
9890.000	2210 - 2nd Street North	President of Lethbridge Stake, LDS Church	1,422
1259.000	43 - 10th Avenue South	Roman Catholic Bishop of Nelson	310
13016.001	1100 - 14th Avenue South	Roman Catholic Bishop of Nelson	1,703
539.000	201 - 7th Avenue South	Ruthenian Greek Church	244
889.000	125 - 10th Avenue South (90%)	Summit Community Services Society	8,676
3479.000	1100 - 11th Street South	Summit Community Services Society	1,588
1040.000	38 - 13th Avenue South	Synod of the Diocese of Kootenay	1,099
4800.030	2324 - 2nd Street South	The Dwelling Place Church Ministries	2,035
4525.000	2100 - 3rd Street South	Trustees of the Knox Church	1,078
8809.000	2001 - 21st Avenue North	Trustees of the Cranbrook Fellowship Baptist Church	1,315
1102.000	2 - 12th Avenue South	Trustees United Church	365

MOUNTAINS OF OPPORTUNITY

CRANBROOK

The City of Cranbrook
40 - 10 Avenue South
Cranbrook, BC V1C 2M8

Phone: 250.426.4211
Fax: 250.426.7264



THE CORPORATION OF THE

CITY OF CRANBROOK

BYLAW NO. 3718

FIVE YEAR FINANCIAL PLAN (2011 TO 2015) BYLAW

The Municipal Council of the Corporation of the City of Cranbrook, in open meeting assembled, enacts as follows:

1. THAT Schedule "A" (Consolidated Financial Plan) and Schedule "B" (Five Year Financial Plan Highlights) attached hereto and forming part of this Bylaw is hereby declared to be the Five Year Financial Plan for the years 2011 to 2015, inclusive.

2. THAT this bylaw may be cited as "Five Year Financial Plan (2011 to 2015) Bylaw No. 3718, 2011."

Read a first time this 28th day of March, 2011.

Read a second time 28th day of March, 2011.

Read a third time 28th day of March, 2011.

Adopted this 4th day of April, 2011.

Mayor

Director of Corporate Services

CORPORATION CITY OF CRANBROOK
SCHEDULE " A "
TO ACCOMPANY BYLAW NO. 3718
CONSOLIDATED FINANCIAL PLAN 2011 TO 2015
UNAUDITED

		2011	2012	2013	2014	2015
REVENUE						
	GENERAL MUNICIPAL PROPERTY TAXES	-20,181,836	-22,041,478	-23,197,011	-24,594,528	-25,544,765
	PAYMENTS IN LIEU OF TAXES	-265,000	-265,000	-265,000	-265,000	-265,000
	PARCEL & LOCAL AREA SERVICE TAXES	-1,956,281	-2,313,445	-2,324,783	-2,336,178	-2,347,629
	SALE OF SERVICES & FEES	-4,233,449	-4,199,844	-4,009,894	-6,150,050	-4,470,447
	AIRPORT FEES	-2,034,363	-2,075,057	-2,120,713	-2,169,498	-2,223,747
	WATER/SEWER/SOLID WASTE FEES	-6,463,637	-6,724,589	-7,151,495	-7,418,213	-7,687,424
	RENTALS	-424,990	-358,717	-360,605	-408,857	-364,525
	RETURN ON INVESTMENTS	-253,600	-253,600	-253,600	-254,600	-254,600
	FINES, PENALTIES & INTEREST	-312,500	-320,360	-328,741	-337,373	-346,264
	TRANSFERS FROM OTHER GOV'TS	-12,964,455	-2,760,153	-1,811,745	-1,667,227	-14,248,601
	TRANSFERS FROM RESERVES	-6,180,558	-1,102,586	-1,328,586	-1,026,586	-987,116
	TRANSFERS FROM SURPLUS	-3,580,912	-940,547	-607,316	-412,000	-48,750
	NON FUNDED AMORTIZATION	-4,500,000	-4,500,000	-4,500,000	-4,500,000	-4,500,000
	TOTAL CITY REVENUE	-63,351,581	-47,875,376	-48,259,488	-51,540,107	-63,288,868
	BORROWING FOR CAPITAL	-5,327,418	-200,000	-1,100,000	-775,000	-10,598,293
	BORROWED PROCEEDS FOR CAPITAL					
	COLLECTIONS FOR OTHER GOVERNMENTS	-9,204,127	-9,480,252	-9,764,657	-10,057,599	-10,359,327
	BORROWING FOR SPECIAL PROJECTS					
	TOTAL ALL REVENUE	-$77,883,126	-$57,555,628	-$59,124,145	-$62,372,706	-$84,246,488

CORPORATION CITY OF CRANBROOK
SCHEDULE " A "
TO ACCOMPANY BYLAW NO. 3718
CONSOLIDATED FINANCIAL PLAN 2011 TO 2015
UNAUDITED

	2011	2012	2013	2014	2015
EXPENDITURES					
GENERAL GOVERNMENT SERVICES	6,040,371	6,055,602	6,188,390	6,288,868	6,378,918
PROTECTIVE SERVICES	7,453,762	7,524,754	7,749,418	8,056,337	8,188,780
ENGINEERING SERVICES	915,102	781,564	799,233	817,344	935,907
PUBLIC WORKS SERVICES	3,980,726	3,838,257	3,933,669	4,030,363	4,363,415
WATER/SEWER/SOLID WASTE	6,349,647	5,353,994	5,478,509	5,606,139	5,606,965
RECREATION & CULTURAL SERVICES	3,455,834	3,493,636	3,553,837	3,709,929	3,685,743
AIRPORT	1,347,794	1,300,615	1,329,230	1,359,804	1,393,803
DEBT PAYMENTS	3,375,937	4,026,900	4,046,812	4,318,130	4,405,584
TRANSFER TO RESERVES	2,680,458	2,947,469	3,064,850	3,182,120	3,300,710
TRANSFER TO SURPLUS	559,565	325,339	471,390	1,214,283	1,704,132
CAPITAL EXPENDITURES FROM REVENUE	22,692,386	7,727,246	7,144,151	8,456,793	18,824,912
AMORTIZATION	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
TOTAL CITY EXPENDITURES	63,351,581	47,875,376	48,259,488	51,540,107	63,288,868
CAPITAL FROM BORROWING	5,327,418	200,000	1,100,000	775,000	10,598,293
BORROWED PROCEEDS FOR CAPITAL					
TRANSFERS TO OTHER GOV'TS	9,204,127	9,480,252	9,764,657	10,057,599	10,359,327
BORROWING FOR SPECIAL PROJECTS					
TOTAL ALL EXPENDITURES	$77,883,126	$57,555,628	$59,124,145	$62,372,706	$84,246,488

CORPORATION CITY OF CRANBROOK
SCHEDULE " A "
TO ACCOMPANY BYLAW NO. 3718
CONSOLIDATED FINANCIAL PLAN 2011 TO 2015
UNAUDITED

	2011	2012	2013	2014	2015
CAPITAL EXPENDITURES					
GENERAL GOVERNMENT SERVICES					
FROM REVENUE	1,508,800	62,000	55,000	35,000	130,000
FROM BORROWING	552,010				
PROTECTIVE SERVICES					
FROM REVENUE	780,891	153,000	0	19,000	235,000
FROM BORROWING	840,459	200,000	400,000	275,000	0
TRANSPORTATION SERVICES					
FROM REVENUE	3,692,137	2,989,672	3,693,929	3,956,480	3,501,912
FROM BORROWING					
WATER/SEWER/SOLID WASTE					
FROM REVENUE	9,255,059	3,318,574	2,451,222	996,313	13,807,000
FROM BORROWING	3,374,000	0	700,000	0	10,598,293
RECREATIONAL & CULTURAL SERVICES					
FROM REVENUE	787,629	564,000	562,000	2,885,000	1,081,000
FROM BORROWING	560,949			500,000	0
AIRPORT					
FROM REVENUE	6,667,870	640,000	382,000	565,000	70,000
BORROWED PROCEEDS					
TOTAL CAPITAL EXPENDITURES	$28,019,804	$7,927,246	$8,244,151	$9,231,793	$29,423,205

Schedule "B"
To Accompany Bylaw No. 3718

CITY OF CRANBROOK
FIVE YEAR FINANCIAL PLAN HIGHLIGHTS
2011 – 2015

Community Planning Goals Guide City's Financial Process

Cranbrook is a diverse and growing community that enjoys a high standard of municipal programs and services aimed at maintaining and improving quality of life for all residents.

Goals such as affordability, a strengthened economy, improved infrastructure, utility and environmental services, support of recreation and culture and social responsibility help guide the City of Cranbrook in overseeing an annual $40 million operating budget to maintain this standard.

Within Council's Policy direction and key objectives, the Budget process is guided by the Finance and Computer Services Department (Finance) and spans eight departments. Each department is responsible for overseeing a multitude of programs that keep City operations running smoothly. The majority of these public services, from road improvements to public transit and maintaining parks and green spaces, has a cost that is accounted for.

Investment in the local economy and improving civic pride have been seen through improvements of the downtown, improvements at the Airport, the strip, waste water capacity improvements, arena upgrades, new Fire Hall, upgrades to roads and water distribution systems, fibre optic installation and expansion of the cycle/walk trails.

Meanwhile, the City has focused on making property taxes affordable over the past five years – keeping tax rate increases close to CPI while maintaining or improving levels of service. This fine balance has been achieved through efficiencies within City operations such as greater utilization of in-house services, as well as utilizing municipal reserves, increasing user fees and through government grants.

Once the Senior Management team completes their review following the policy direction and priorities of Council, the Budget is presented to Council and the public in a series of open budget meetings plus a special Budget meeting to consider public concerns. Council debates the issues presented and directs Administration on final Budget decisions. The Financial Plan is approved by bylaw prior to setting the tax rate in May.

The City has five funds: the General Fund, Water Fund, Sewer Fund, Solid Waste Fund and Airport Fund. In broad terms, the General Fund represents the cost of providing all the municipal services other than utilities and airport. Costs that are in excess of user fees and other non-tax revenue are funded by property taxes. The *Community Charter* requires that all revenue sources be identified and the revenue must cover all anticipated expenditures. The *Community Charter* does not allow the City to incur a Budget deficit.

City Programs

To serve the citizens of Cranbrook, the City operations are divided into programs. These programs represent everything the City does as part of its annual operations. These include police and fire protection, road maintenance, parks and recreation programs, development services, and provision of the water, solid waste and sewer utilities, as well as administrative services that support City Council and the other operating programs such as human resources, payroll, accounting and information technology. These programs are grouped within two distinct hierarchies, the corporate management structure and the function served to the general public.

Corporate Management

Within the corporate management structure, each program is assigned to a department. Each department has a Director who oversees the operations of the programs within his/her authority. There are eight departments, each of which reports to the Chief Administrative Officer. They are:

- Corporate Services
- Finance and Computer Services
- Public Works
- Police
- Leisure Services
- Engineering Services
- Fire & Emergency Services
- Airport

Functional

A function is a broad group of like services.

- Solid Waste
- Cemetery Operations
- Policing
- Fire Protection
- Infrastructure Maintenance
- Public Transit
- Parks, Recreation and Culture
- Environmental Protection
- Development
- Legislative and Enforcement
- Corporate Administration
- Water Utility
- Sewer Utility
- Airport
- Debt Servicing
- Capital Expenditures

Financial Plan Process and Timing

The 2011 to 2015 Financial Plan process began in the Fall of 2010. Guidelines, a timetable and current operating reports were sent to all the Directors. A capital plan and financial plan for each Department or function was prepared by the Directors. The Chief Administrative Officer and the Senior Management Team met in November to review the operating and capital plans and to determine what would be presented to Council

Members of Council then met with the Chief Administrative Officer and the Chief Financial Officer to review all City services, levels of services and discuss acceptable tax rates. At that time, all Directors presented to members of Council and explained the services provided and the significant challenges each department faces.

In January and February 2011, Council considered information received from City staff and the input received from the general public and have directed Administration to make necessary adjustments to the Financial Plan.

In March or early April, Council will adopt the 2011 – 2015 Financial Plan Bylaw and in early May the Tax Rate Bylaw at open Council meetings.

Budget

Budget planning starts with an assumption that services will remain at the same levels as in the previous year. Then Finance begins costing for inflationary changes or contractual obligations within each department. Directors meet with their managers and review year-to-date actual costs against budgets and see if there are any overruns, areas that need more resources to maintain service levels or items that can be cut or reduced while still maintaining service levels.

The operating Budget is prepared on an incremental basis. This means it focuses on changes from the previous year's operations. These changes might include new or expanded programs at Council's discretion, non-controllable cost increases, salary and employment benefit increases related to Collective Agreements and the removal or addition of one-time recurring revenues and expenditures from the preceding year.

Property Taxes

Service Levels

The majority of the City's revenue is obtained through property taxes. When preparing the Budget, staff first determine the amount of revenue required to provide all the desired municipal services to our residents. Staff then determine the amount of revenue (other than property taxes) the City can expect to receive through fees and charges, federal and provincial government grants, etc. The difference between the budgeted expenditures and the other revenue represents the amount of property tax revenue the City must collect to provide the services to the levels prescribed by Council. To adjust the amount of property taxes required, the City must adjust the service levels provided. The challenge is to determine the appropriate service level weighed against the cost of providing that service. When the cost of providing a service increases (e.g. through inflation, changes in statutory requirements or product cost increases), the City must either raise more revenue to provide the same level of service or reduce the level of service provided.

The Tax Rate

The City determines the "tax rate" (a charge per $1,000 of assessed property value) by dividing the sum of all the assessed property values in the City by the amount of property tax revenue that must be collected. The "tax rate" is simply a means of determining how much each individual property owner must pay to receive the package of services provided by the City. The rationale for this approach is that owners of larger properties pay more than owners of smaller properties or that individuals owning larger homes, in general, have an ability to pay more than those in lesser valued properties. Consequently, we must calculate the tax rate each year based on the revenue the City must collect and the assessed values of all the properties in the City at that time. Changes in the total assessed values in the City will cause the tax rate to change, but will have no effect on the amount each property owner must pay unless his/her assessed value change is different than the average change in value.

The following example shows how much each of five property owners must pay to provide the City with a total of $5,000. Please note that although the tax rate changes, the amount the City collects remains the same.

	Year 1			Year 2				
	Assessed Value	Tax Rate (charge per thousand)	Property Taxes	Assessed Value	% Change from prior Year	Tax Rate (charge per thousand)	Property Taxes	Property Tax Increase %
Property 1	150,000	5.0000	750	165,000	10%	4.5454	750	0.00%
Property 2	150,000	5.0000	750	165,000	10%	4.5454	750	0.00%
Property 3	200,000	5.0000	1,000	230,000	15%	4.5454	1,045	4.54%
Property 4	200,000	5.0000	1,000	210,000	5%	4.5454	955	-4.55%
Property 5	300,000	5.0000	1,500	330,000	10%	4.5454	1,500	0.00%
	1,000,000		5,000	1,100,000	10%		5,000	0.00%

In the above example, the owners of properties 1, 2, and 5 pay the same amount of property taxes in both years as the assessed value of their property changed by the same amount as the average change of the entire group. The assessed values of properties 3 and 4 changed by different amounts; therefore, the total amount they paid was different.

Taxation Levels

The 2011 to 2015 Financial Plan includes budgeted tax revenues (property taxes) for general municipal purposes as follows:

Year	Taxation Revenue
2010	$18,905,491
2011	19,847,486
2012	21,705,573
2013	22,861,106
2014	24,258,623
2015	25,208,860

The proposed tax rate increase for 2011, after non-market change (new construction) of $425,000 is 1.73% in 2011 and 7.35% in 2012. A 1% change in the levy relates to approximately $189,000. A dedicated Road Improvement Tax was introduced in 2010. An additional 1% property tax will be assessed to all properties and set aside for road work only. Thus, the projected General Property Tax increase for 2011 is 2.73% (8.35% in 2012).

The actual 2011 General Property Tax increase can only be finalized when the City receives the Revised Roll from BC Assessment Authority which is expected in April. But, based on a preliminary Assessment Roll, it is projected to be 2.73%.

In 2005, Council adopted Recapitalization Reserve Fund Bylaw No. 3526 to annually set aside money for the future upgrade or acquisition of municipal capital assets. The cumulative contribution of ¾ of 1% of the property tax revenue is included in the taxes noted above ($600,000 in 2011). $1,329,735 of this Reserve is funding various capital items in 2011.

Increase in General Municipal Property Taxes

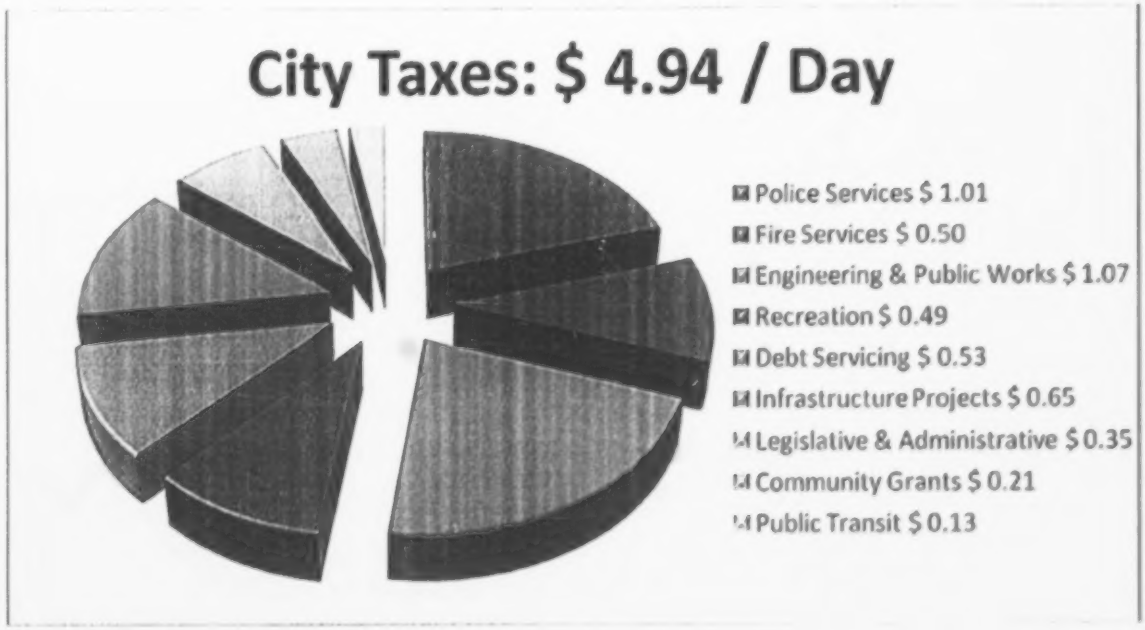
Much of the discussion of the budget will focus on the effect the budget will have on property taxes. If the cost of providing the same level of service increases, and there are no additional revenue sources, the City must increase the property taxes collected to provide these same services. The alternative is to reduce or eliminate the level of services provided. To ensure everyone is fully aware of how much more they are paying for the services the City provides, any property tax increase will be expressed as a percentage of the total amount the City needs to collect. The actual tax rate changes from year to year will not reflect the property tax increase as it is also affected by the assessed values as shown on the example on the previous page. The following example outlines the effect a 5% tax increase has on the tax rate and the total amount paid by the property owners. (The same data from the first example is used).

	Year 1			Year 2				
	Assessed Value	Tax Rate (charge per thousand)	Property Taxes	Assessed Value	% Change from prior Year	Tax Rate (charge per thousand)	Property Taxes	Property Tax Increase %
Property 1	150,000	5.0000	750	165,000	10%	4.7727	787	5.00%
Property 2	150,000	5.0000	750	165,000	10%	4.7727	787	5.00%
Property 3	200,000	5.0000	1,000	230,000	15%	4.7727	1,098	9.77%
Property 4	200,000	5.0000	1,000	210,000	5%	4.7727	1,002	0.23%
Property 5	300,000	5.0000	1,500	330,000	10%	4.7727	1,575	5.00%
	1,000,000		5,000	1,100,000	10%		5,250	**5.00%**

You will note from the above example that, although the tax rate decreased by 4.5%, the total amount collected by the City actually increased by 5%. Unlike the federal and provincial governments, we will express this as a 5% increase in property taxes as opposed to a 4.5% decrease in the tax rate. This is significant to note as the federal and provincial governments will claim that they have not increased income tax rates even when they are collecting more money. Assuming that the combined federal and provincial income tax rate is 40%, individuals earning $40,000 a year will pay $16,000. If these individuals receive a 5% raise (new income level = $42,000), he/she will pay 5% more in income tax (40% of $42,000 = $16,800) even though the income tax rate is still 40%.

The average general municipal property tax increase (excluding school and other non-city taxes) for Taxpayers is projected to be about 1.73% or about $10.12 per $100,000 of assessed value for residential property unless City Council chooses to change the distribution of property taxes. The 1% dedicated Road Improvement Tax equates to about $5.85 per $100,000 of assessed value for residential property in 2011. The combined 2011 General Municipal Property Tax increase is 2.73% or $15.97 per $100,000 of assessed value.

For an average home in Cranbrook with an assessed value of $300,000, the projected 2011 General Municipal Property Taxes will be about $1,803 before the Home Owner Grant (or $4.94/day) for all municipal services.


City Taxes: $ 4.94 / Day
Police Services $ 1.01
Fire Services $ 0.50
Engineering & Public Works $ 1.07
Recreation $ 0.49
Debt Servicing $ 0.53
Infrastructure Projects $ 0.65
Legislative & Administrative $ 0.35
Community Grants $ 0.21
Public Transit $ 0.13

Distribution of Property Taxes

As per Section 165(3.1) of the *Community Charter*, the distribution of general municipal property taxes among the classes is estimated to be:

Class		2011
01	Residential	1.00
02	Utilities	7.83
05	Light Industry	3.13
06	Business and other	3.13
08	Rec/Non Profit	1.88
09	Farm	3.13

The above estimation is based on the 2010 distribution. On an annual basis, City Council reviews the distribution of property taxes among property classes.

Utility and Parcel Tax Rates

The monthly utility fees for water, sewer, and solid waste (which were $49.50 per month in 2010) are projected to be:

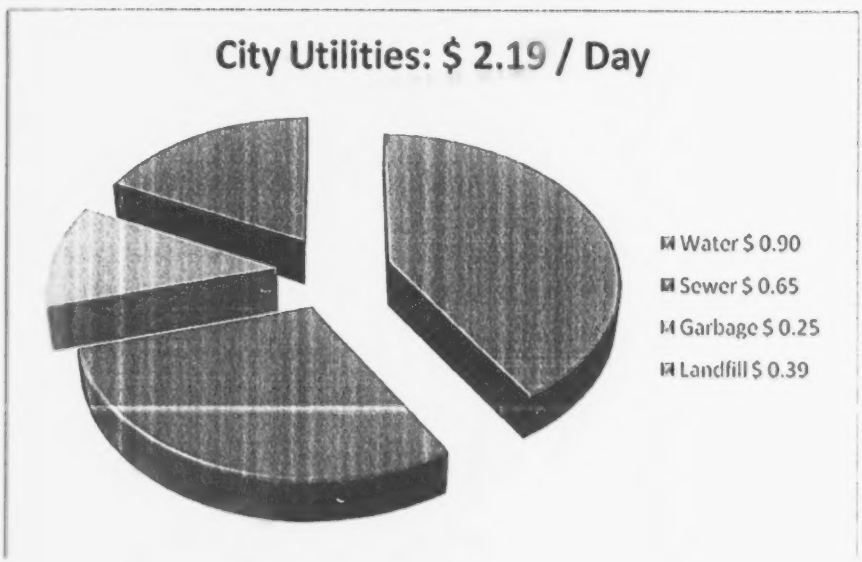
Year	Monthly Rate	Revenue
2011	52.50	$6,243,060
2012	54.50	6,504,010
2013	57.50	6,930,900
2014	59.50	7,197,590
2015	61.50	7,466,780

The annual parcel tax charge (which was $11 in 2010) is projected to be:

Year	Rate per Taxable Meter Frontage	Revenue	Annual charge to average home (based on 15.25 m. lot)
2011	11.00	$1,910,425	$168
2012	13.00	2,267,590	198
2013	13.00	2,278,930	198
2014	13.00	2,290,320	198
2015	13.00	2,301,770	198

Growth at an estimated rate of 0.5% is factored into the above revenue for the years 2011 to 2015.

For an average home in Cranbrook, the projected 2011 utility and parcel tax fee will be about $798 (or $2.19/day).



Capital Projects

The amounts designated for municipal capital expenditures over the next five years are:

2011 - $28,019,804
2012 - 7,927,246
2013 - 8,244,151
2014 - 9,231,793
2015 - 29,423,205

consisting of the following major projects (** starred items are 2010 projects carried forward to 2011):

2011:

- Waste Water Capacity Improvements (2010 carry forward)	**	$ 7,388,094
- Waste Water Capacity Improvements (2011 component)		3,356,263
- Airport Runway Overlay	**	6,106,670
- Road Program (includes Road Dedicated Tax $369,187)		2,269,187
- Fibre Optic Broadband Infrastructure	**	1,664,230
- Public Works Mobile Equipment		1,285,000
- Memorial Arena Renovations	**	779,096
- Fire Hall Upgrade #2 to Main Hall	**	630,459
- Fire Engine #4 Replacement (Borrow $250,000)		500,000
- Sanitary Sewers Relining Program		350,000
- Airport Mobile Equipment		320,000
- Oversizing Rebates		247,600
- Rails to Trails	**	231,636
- Public Works' General Equipment		205,000
- St. Mary's Park Trail and Picnic Area		200,000
- Computer Office Automation	**	187,911
- St. Mary's Park Land Purchase		180,000
- Garbage Truck	**	160,000
- Airport General Equipment		159,500
- RCMP Cell Retrofit	**	156,491
- Reacreation Complex Improvements		151,000
- RCMP Roof Replacement		150,000
- SCADA		125,000
- Public Works' General Equipment	**	111,005
- RCMP Closed Circuit Video Equipment	**	100,000
- Streets and Traffic Lights		100,000
- Sidewalk Program/Upgrades		100,000
- Cycle-Walk Program (Rotary Way)		100,000
- Pressure Reduction Valve Stations		95,000
- Balment Building Roof		75,000

2012:

- Road Program (Includes Road Dedicated Tax $574,672)	$ 2,474,672
- Waste Water Capacity Improvements	1,968,573
- Public Works' Mobile Equipment	614,000

2012:

- Sanitary Sewers Relining Program	350,000
- Airport Mobile Equipment	330,000
- McKinnon Park – Outdoor Multi-Sport Court	244,000
- Fire Hall Training Grounds (Borrow)	200,000
- Garbage Truck	200,000
- Lighting Control Panel (Airport)	160,000
- Airport General Equipment	150,000
- Oversizing Rebates	140,000
- Public Works' General Equipment (Not including SCADA)	106,000
- E911 Communication Upgrade	100,000
- Street and Traffic Lights	100,000
- Sidewalk Program/Upgrades	100,000
- Cycle-Walk Program (Rotary Way)	100,000
- SCADA	100,000
- Kinsmen Tennis Courts Resurface	90,000
- Recreation Complex Improvements	85,000
- Gyro Park Play Equipment Upgrading	75,000

2013:

- Road Program (Includes Road Dedicated Tax $793,929)	$2,693,929
- Public Works' Mobile Equipment	720,000
- Garbage Truck – Mechanized Pickup/Bins (Borrow)	700,000
- Waste Water Capacity Improvements	431,222
- Fire Water Tanker Truck (Borrow)	400,000
- Sanitary Sewers Relining Program	350,000
- SCADA	300,000
- Lagoons Pump House Variable Speed Pumps	300,000
- Airport Maintenance Facility	300,000
- Recreation Complex Improvements	232,000
- Public Works' Mobile Equipment Storage Building	225,000
- Pressure Reducing Stations Install Bypass Capacity	200,000
- Public Works' General Equipment	170,000
- Oversizing Rebates	140,000
- Gyro Park Resurface and Reline Tennis Courts	125,000
- Mechanic Shop – Replace In-Ground Hoists	110,000
- Idlewild Park Upgrades	105,000
- Public Works Salt Shed Upgrade	100,000
- Street and Traffic Lights	100,000
- Sidewalk Program/Upgrades	100,000
- Cycle-Walk Program (Rotary Way)	100,000
- Airport Mobile Equipment	82,000

2014:

- Road Program (Includes Road Dedicated Tax $1,931,480)	$2,931,480
- Moir Park Campground	2,000,000
- Public Works' Mobile Equipment	795,000
- Moir Park Ball Diamonds (Borrow)	500,000
- Sanitary Sewers Relining Program	350,000
- Airport Taxiway Overlay	300,000
- RCMP Cell Retrofit (Borrow)	275,000
- Cycle-Walk Program (Rotary Way)	220,000
- Baker Park – Electrical Upgrade/Campground Imp	200,000
- Southview Park Development	190,000
- Airport Apron Floodlighting	180,000
- Recreation Complex Improvements	155,000
- Oversizing Rebates	140,000
- Idlewild Park Playground	140,000
- Street and Traffic Lights	100,000
- Sidewalk Program/Upgrades	100,000
- Rotary Park Washrooms	100,000
- Kinsmen Quad Park – Bleachers	80,000
- Waste Water Capacity Improvements	76,313
- Storm Sewer Local Drainage Repairs	75,000

2015:

- Water Treatment Plant	$12,000,000
Grants $8,000,000; Borrow $4,000,000	
- Gold Creek Reservoir Diversion	7,000,000
Grants $4,666,667; Borrow $2,333,333	
- Road Program (Includes Road Dedicated Tax $1,284,912)	3,184,912
- Waste Water Capacity Improvements (Borrow)	2,198,293
- Twinning Supply from Phillips Reservoir (Borrow)	2,000,000
- Sanitary Sewers Relining Program	350,000
- Skateboard Park Expansion	325,000
- Public Works' Mobile Equipment	207,000
- Gold Creek Reservoir (Dam Design Study)	200,000
Grants $133,333 Borrow $66,667	
- Recreation Complex Improvements	175,000
- Oversizing Rebates	140,000
- Library Building Renovations / Improvements	131,000
- Moir Centennial Athletic Park Baseball Stadium	125,000
- City Hall Attic Office Renovations	120,000
- Fire Hall No. 1 Asbestos Abatement	100,000
- Satellite Fire Hall Design (Construct 2016)	100,000
- Street and Traffic Lights	100,000
- Sidewalk Program/Upgrades	100,000
- Cycle-Walk Program (Rotary Way)	100,000
- Idlewild Park Dredge Lake	100,000
- Dirt Jump Bicycle Park	80,000

2015:

- Storm Sewer Local Drainage Repairs	75,000
- Clock Tower Square	75,000

Special Projects and Studies

The Five Year Financial Plan includes the following special projects and studies (** starred items are 2010 projects carried forward to 2011):

2011:

- Dredge Sewer Lagoons	$ 1,017,500
- Crush Waste Concrete Stockpile	** 200,000
- Storm Drainage Study	150,000
- Leak Detection/Water Conservation Program	120,000
- Asset Management Plan	45,000
- Phillips & Idlewild Dams Reviews	25,000
- Rotary Park Dedicated Plaque	20,000
- Low-flush Toilet Rebate Program	10,000

2012:

- Leak Detection/Water Conservation Program	$ 120,000
- Carbon Neutral	100,000
- Asset Management Plan	30,000
- Low-flush Toilet Rebate Program	10,000

2013:

- Leak Detection/Water Conservation Program	$ 120,000
- Carbon Neutral	100,000
- Review of Official Community Plan	75,000
- Asset Management Plan	30,000
- Low-flush Toilet Rebate Program	10,000

2014:

- Leak Detection/Water Conservation Program	$ 120,000
- Carbon Neutral	100,000
- Asset Management Plan	30,000
- Low-flush Toilet Rebate Program	10,000

2015:

- Crush Waste Concrete Stockpile	$ 200,000
- Overpass Planning/Engineering	100,000
- Carbon Neutral	100,000
- Asset Management Plan	30,000

Road Program

The 2011 Budget includes $2,269,187 for the roads program and road recap program.

Funding for these programs will be:

Taxation and Utility Fees	$1,650,000
GST Infrastructure Reserve	250,000
1% Roads Improvement Tax	369,187

The overall intent for the 2011 road improvement program, pending firm construction pricing and other considerations, is to concentrate on the older core residential areas with some arterial work. The final program detail will be recommended to Council by the first Regular Council meeting in April, 2011.

Multi-Purpose Recreation Complex

The City took over the operation of the Rec Plex in March, 2007. Projected revenues in 2011 from the Rec Plex, including pool operations, are $934,275. Operating expenses are estimated to be $2,435,500 before debt payments of $1,619,440.

In December 2010, the Pacific & Western mortgage on the Recreation Complex was refinanced with the Bank of Montreal reducing the interest rate from 7.24% to 4.48%. Annual debt servicing commencing in 2011 is reduced by $172,990.

Regional Landfill

The contribution to the RDEK is expected to be $1,843,850 in 2011 for the regional landfill fee, plus an inflationary factor thereafter of 2.5%.

Financial Support

The City provides funding to organizations and agencies which provide services to the community including the Cranbrook Public Library, Key City Theatre, Chamber of Commerce, Museum of Rail Travel and Cranbrook Curling Association. In 2011, the funding is budgeted to be $875,050.

In addition, City Council has approved permissive tax exemptions to not-for-profit organizations in 2011 in the estimated amount of $159,185.

Public Transit

In partnership with BC Transit, the City continues to provide public transit and paratransit to the residents of Cranbrook. The cost of this service is shared with BC Transit. The City's share for 2011 is budgeted at $534,860 net of revenue.

RCMP

The City has a contract with the RCMP to provide police services for the City. The 2011 contract for 26 Officers is budgeted at $3,518,000.

Reserve Fund Activity

Budgeted deposits to reserve funds in 2011 amount to $2,543,500 including:

$786,375	Federal gas tax rebate for infrastructure tangible capital assets
600,000	Recapitalization reserve for municipal capital assets
527,000	Airport Improvement Fees
190,000	GST rebate for residential infrastructure programs
122,000	Equipment replacement reserve

Reserve funds of $6,180,560 are being spent in 2011 for various projects including:

$3,092,610	Waste Water Capacity Improvements
945,000	Public Works Equipment
374,400	Fire Vehicle/Equipment
299,930	Airport Expansion Debt Servicing
250,000	Road Recap Program
180,000	St. Mary's Park Land Acquisition
177,240	Information Technology Equipment
124,480	Integrated Community Sustainability Plan (ICSP)
130,135	RCMP Cell Blocks
124,735	RCMP Roof Replacements
100,000	Recreation Complex Improvements
100,000	Street Lights

Development Cost Charge Activity

Development cost charge monies of $247,600 may be used to pay developers in 2011 for oversizing rebates.

Borrowing

Over the five-year period 2011 to 2015, the City plans to borrow approximately $12,923,290 for various capital projects as follows:

Capital Project	Year	Amount	Term	Annual Payment
Fire Fighting Equipment – Rural Fire	2011	$ 250,000	5 years	$ 60,000
Fire Hall Training Grounds	2012	200,000	20 years	18,720
Water Tanker Truck (Fire)	2013	400,000	5 years	97,850
Garbage Truck – Mechanized Pickup - (Incl Bins)	2013	700,000	5 years	171,240
Moir Park Ball Diamonds	2014	500,000	20 years	46,790
RCMP Cell Blocks	2014	275,000	10 years	39,400
Twinning Supply from Phillips Reservoir	2015	2,000,000	20 years	187,165
Gold Creek Reservoir Diversion (Incl study)	2015	2,400,000	20 years	224,600
Water Treatment Plant	2015	4,000,000	20 years	374,330
Transfer Pipeline (Spray Irrigation)	2015	2,198,290	20 years	205,720

Salaries and Wages

The City's Collective Agreement with CUPE 2090 expired on February 28, 2009. The new agreed upon wage rate increases are:

2009	1.5%
2010	2.0%
2011	2.5%

The City's Collective Agreement with Cranbrook Fire Fighters Local 1253 expired on December 31, 2008. Cranbrook Fire Fighter wages are based upon the Vancouver Fire Fighter contract which has been settled up to March 31, 2010.

Amortization of Capital Assets

Effective 2009, the Public Sector accounting rules required the City to begin amortizing (depreciating) its tangible assets over their useful life. Amortization for 2011 has been estimated at about $4,500,000 and has been included in the Financial Plan.

Wayne Staudt

W. Staudt, CA
Director of Finance and Computer Services